

Legislative Council
Subcommittee to Examine the Implementation
in Hong Kong of Resolutions of
the United Nations Security Council in relation to Sanctions

UNITED NATIONS SANCTIONS (IRAN) REGULATION

INTRODUCTION

A At the meeting of the Executive Council on 25 September 2007, the Council advised and the Chief Executive ordered that the United Nations Sanctions (Iran) Regulation (“the Regulation”), at Annex A, should be made under section 3 of the United Nations Sanctions Ordinance (Cap. 537) (“the Ordinance”). The Regulation was gazetted on 28 September 2007 and came into effect on the same day.

BACKGROUND

Obligation and Authority

2. Under section 3(1) of the Ordinance, the Chief Executive (“CE”) is required to make regulations to give effect to instructions from the Ministry of Foreign Affairs (“MFA”) of the People’s Republic of China to implement sanctions decided by the Security Council of the United Nations (“UNSC”). In January and April 2007, the CE received instructions from MFA which requested the Government of the Hong Kong Special Administrative Region (“HKSAR”) to implement United Nations Security Council Resolutions (“UNSCR”) 1737 and 1747 respectively. The Regulation was made pursuant to those instructions. A document issued by the Chief Secretary for Administration confirming the receipt of the MFA’s instructions is at B Annex B.

UNSCR 1737

C 3. UNSCR 1737, at Annex C, was adopted by the UNSC on 23 December 2006 and requires, inter alia, that-

- (a) all States shall, subject to certain exceptions, take the necessary measures to prevent the supply, sale or transfer directly or indirectly from their territories, or by their nationals or using their flag vessels or aircraft to, or for the use in or benefit of,

Iran, and whether or not originating in their territories, of all items, materials, equipment, goods and technology in the relevant sections of Security Council documents S/2006/814 and S/2006/815 as specified in paragraph 3 of UNSCR 1737 and additional items as determined by the Security Council or the Committee established by paragraph 18 of UNSCR 1737 (“the Committee”) which could contribute to Iran’s enrichment-related, reprocessing or heavy water-related activities, or to the development of nuclear weapon delivery systems (ref: paragraphs 3 and 9 of UNSCR 1737);

- (b) for those items, materials, equipment, goods and technology covered by Security Council documents S/2006/814 and S/2006/815 the export to Iran of which is not prohibited, all States shall ensure that the requirements set out in paragraph 5 of UNSCR 1737 are complied with in connection with their supply, sale or transfer (ref: paragraph 5 of UNSCR 1737);
- (c) all States shall, subject to certain exceptions, also take the necessary measures to prevent the provision to Iran of any technical assistance or training, financial assistance, investment, brokering or other services, and the transfer of financial resources or services, related to the supply, sale, transfer, manufacture or use of the prohibited items, materials, equipment, goods and technology (ref: paragraphs 6 and 9 of UNSCR 1737);
- (d) all Member States shall prohibit the procurement of the items listed in Security Council documents S/2006/814 and S/2006/815 from Iran by their nationals, or using their flag vessels or aircraft, and whether or not originating in the territory of Iran (ref: paragraph 7 of UNSCR 1737); and
- (e) all States shall, subject to certain exceptions, freeze the funds, other financial assets and economic resources which are on their territories at the date of adoption of UNSCR 1737 or at any time thereafter, that are owned or controlled by the persons or entities designated in the Annex, as well as those of additional persons

or entities designated by the Security Council or by the Committee as being engaged in, directly associated with or providing support for Iran's proliferation sensitive nuclear activities or the development of nuclear weapon delivery systems, or by persons or entities acting on their behalf or at their direction, or by entities owned or controlled by them, including through illicit means, and that the measures in this sub-paragraph shall cease to apply in respect of such persons or entities if, and at such time as, the Security Council or the Committee removes them from the Annex, and decides further that all States shall ensure that any funds, financial assets or economic resources are prevented from being made available by their nationals or by any persons or entities within their territories, to or for the benefit of these persons or entities (ref: paragraphs 12-15 of UNSCR 1737).

UNSCR 1747

D

4. UNSCR 1747, at Annex D, was adopted by the UNSC on 24 March 2007 and provides, inter alia -

- (a) that all States shall prohibit the procurement of any arms or related material from Iran by their nationals, or using their flag vessels or aircraft, and whether or not originating in the territory of Iran (ref: paragraph 5 of UNSCR 1747);
- (b) to call upon all States to exercise vigilance and restraint in the provision to Iran of any technical assistance or training, financial assistance, investment, brokering or other services, and the transfer of financial resources or services, related to the supply, sale, transfer, manufacture or use of any battle tanks, armoured combat vehicles, large caliber artillery systems, combat aircraft, attack helicopters, warships, missiles or missile systems as defined for the purpose of the United Nations Register on Conventional Arms, in order to prevent a destabilizing accumulation of arms (ref: paragraph 6 of UNSCR 1747); and

- (c) that the financial sanctions specified in paragraphs 12, 13, 14 and 15 of UNSCR 1737 (paragraph 3(e) above of this paper) shall apply also to the persons and entities listed in Annex I of Resolution 1747 (ref: paragraph 4 of UNSCR 1747).

THE REGULATION

5. The Regulation, at Annex A, seeks to implement sanctions provided for under UNSCRs 1737 and 1747. The main provisions are –

- (a) sections 2 and 3 which prohibit the supply, delivery, transfer and carriage of certain nuclear-related items, material, equipment, goods and technology to Iran;
- (b) sections 4 and 5 which prohibit the procurement of certain arms and nuclear-related items from Iran;
- (c) section 6 which prohibits the provision of certain arms and nuclear-related technical and financial assistance, training, services or resources to certain persons;
- (d) sections 7 and 8 which prohibit making funds available to certain persons or entities and which provide exceptions to such prohibition;
- (e) sections 9 to 11 which provide for the granting of licence for the supply, delivery, transfer or carriage of certain nuclear-related items; the provision of certain assistance, training, services or resources; or the making available of funds, etc. to certain persons or entities;
- (f) sections 14 to 22 which provide for the necessary enforcement powers; and
- (g) section 31 which provides that the CE may by notice published in the Gazette specify a person or an entity listed in the Annex to UNSCR 1737, Annex I to UNSCR 1747 or otherwise designated by the Security Council or the Committee for the purposes of

paragraph 12 of UNSCR 1737 as a relevant person or a relevant entity subject to the financial sanctions in the Regulation.

IMPLICATIONS OF THE PROPOSAL

6. The Regulation conforms with the Basic Law, including the provisions concerning human rights. It will not affect the binding effect of the Ordinance. It has no financial, civil service, economic, productivity, environmental or sustainability implications.

PUBLICITY

7. A press release was issued on 28 September 2007 when the Regulation was published in the Gazette.

RELATED MATTER

8. During the time between the receipt of the MFA's instructions and the gazettal of the Regulation, we were able to implement some of the sanctions imposed under UNSCR 1737 and 1747 under existing laws. For example, in respect of arms and nuclear-related material, Regulation 2 of the Import and Export (Strategic Commodities) Regulations (Cap. 60G) provides that, subject to certain exceptions and conditions, a person shall not, except under and in accordance with an import or export licence issued by the Director-General of Trade and Industry, import or export an article specified in the Schedules to the Regulations. The Trade and Industry Department maintains import and export control on strategic commodities, including munitions, chemical and biological weapons and their precursors, nuclear materials and equipment, and dual-use goods that are capable of being developed into weapons of mass destruction.

Commerce and Economic Development Bureau
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UNITED NATIONS SANCTIONS (IRAN) REGULATION

(Made by the Chief Executive under section 3 of the United Nations Sanctions Ordinance (Cap. 537) on the instruction of the Ministry of Foreign Affairs of the People's Republic of China and after consultation with the Executive Council)

PART 1

PRELIMINARY

1. Interpretation

In this Regulation, unless the context otherwise requires—

“armoured combat vehicle” (裝甲戰鬥車) means any tracked, semi-tracked or wheeled self-propelled vehicle, with armoured protection and cross-country capability, either—

- (a) designed and equipped to transport a squad of 4 or more infantrymen; or
- (b) armed with an integral or organic weapon of at least 12.5 mm calibre or a missile launcher;

“attack helicopter” (攻擊直昇機)—

- (a) means any rotary-wing aircraft designed, equipped or modified to engage targets by employing guided or unguided anti-armour, air-to-surface, air-to-subsurface, or air-to-air weapons and equipped with an integrated fire control and aiming system for those weapons; and
- (b) includes any version of an aircraft described in paragraph (a) that performs specialized reconnaissance or electronic warfare missions;

“authorized officer” (獲授權人員) means—

- (a) a police officer;
- (b) a member of the Customs and Excise Service holding an office specified in Schedule 1 to the Customs and Excise Service Ordinance (Cap. 342); or
- (c) a public officer employed in the Customs and Excise Department in the Trade Controls Officer Grade;

“battle tank” (作戰坦克) means any tracked or wheeled self-propelled armoured fighting vehicle with high cross-country mobility and a high-level of self-protection, weighing at least 16.5 metric tons unladen weight, with a high muzzle velocity direct fire main gun of at least 75 mm calibre;

“combat aircraft” (作戰飛機)—

- (a) means any fixed-wing or variable-geometry wing aircraft, or any primary trainer aircraft, designed, equipped or modified to engage targets by employing guided missiles, unguided rockets, bombs, guns, cannons or other weapons of destruction; and
- (b) includes any version of an aircraft described in paragraph (a) that performs specialized electronic warfare, suppression of air defence or reconnaissance missions;

“commander” (機長), in relation to an aircraft, means the member of the flight crew designated as the commander of the aircraft by the operator of the aircraft, or, failing such a person, the person who is for the time being the pilot in command of the aircraft;

“Commissioner” (關長) means the Commissioner of Customs and Excise, the Deputy Commissioner of Customs and Excise or any Assistant Commissioner of Customs and Excise;

“Committee” (委員會) means the Committee of the Security Council established pursuant to paragraph 18 of Resolution 1737;

“conventional arms” (常規武器) means any armoured combat vehicle, attack helicopter, battle tank, combat aircraft, large-calibre artillery system, missile and missile launcher or warship;

“funds” (資金) includes—

- (a) gold coin, gold bullion, cash, cheques, claims on money, drafts, money orders and other payment instruments;
- (b) deposits with financial institutions or other entities, balances on accounts, debts and debt obligations;
- (c) securities and debt instruments (including stocks and shares, certificates representing securities, bonds, notes, warrants, debentures, debenture stock and derivatives contracts);
- (d) interest, dividends or other income on or value accruing from or generated by property;
- (e) credit, rights of set-off, guarantees, performance bonds or other financial commitments;
- (f) letters of credit, bills of lading and bills of sale; and
- (g) documents evidencing an interest in funds or financial resources, and any other instrument of export financing;

“large-calibre artillery system” (大口徑火炮) means any gun, howitzer, artillery piece combining the characteristics of a gun or howitzer, mortar or multiple-launch rocket system, capable of engaging surface targets by delivering primarily indirect fire, with a calibre of 75 mm and above;

“licence” (特許) means a licence granted under section 9(1), 10(1) or 11(1);

“master” (船長), in relation to a ship, includes any person (other than a pilot) for the time being in charge of the ship;

“missile and missile launcher” (導彈及導彈發射器) means—

- (a) any guided or unguided rocket, ballistic or cruise missile or remotely piloted vehicle capable of delivering a warhead or weapon of destruction to a range of at least 25 km;
- (b) any means, other than any armoured combat vehicle, attack helicopter, battle tank, combat aircraft, large-calibre artillery system or warship, designed or modified specifically for launching any rocket or missile described in paragraph (a); or
- (c) any Man-portable Air-Defence Systems (MANPADS),
but does not include any ground-to-air missile;

“operator” (營運人), in relation to a ship, aircraft or vehicle, means the person for the time being having the management of the ship, aircraft or vehicle;

“person connected with Iran” (有關連人士) means—

- (a) the Government of Iran;
- (b) any person in, or resident in, Iran;
- (c) any body incorporated or constituted under the law of Iran;
- (d) any body, wherever incorporated or constituted, which is controlled by the Government mentioned in paragraph (a), a person mentioned in paragraph (b) or a body mentioned in paragraph (c); or
- (e) any person acting on behalf of the Government mentioned in paragraph (a), a person mentioned in paragraph (b) or a body mentioned in paragraph (c) or (d);

“regulated prohibited item” (受規管禁制項目) means—

- (a) any item, material, equipment, goods or technology set out in section B.2, B.3, B.4, B.5, B.6 or B.7 of INFCIRC/254/Rev. 8/Part 1 in the Security Council document S/2006/814;
- (b) any item, material, equipment, goods or technology set out in sections A.1 and B.1 of INFCIRC/254/Rev. 8/Part 1 in the Security Council document S/2006/814, except—
 - (i) any equipment covered by section B.1 of INFCIRC/254/Rev. 8/Part 1 in the Security Council document S/2006/814 when such equipment is for light water reactors; and
 - (ii) any low-enriched uranium covered by section A.1.2 of INFCIRC/254/Rev. 8/Part 1 in the Security Council document S/2006/814 when it is incorporated in assembled nuclear fuel elements for light water reactors; or
- (c) any item, material, equipment, goods or technology set out in the Security Council document S/2006/815, except any item covered by item 19.A.3 of Category II in the Security Council document S/2006/815;

“relevant entity” (有關實體) means—

- (a) an entity specified by the Chief Executive as a relevant entity in accordance with section 31; or
- (b) an entity acting on behalf of or at the direction of, or owned or controlled by, a person or entity specified by the Chief Executive as a relevant person or relevant entity in accordance with section 31;

“relevant person” (有關人士) means—

- (a) a person specified by the Chief Executive as a relevant person in accordance with section 31; or
- (b) a person acting on behalf of, or at the direction of, a person or entity specified by the Chief Executive as a relevant person or relevant entity in accordance with section 31;

“Resolution 1737” (《第 1737 號決議》) means Resolution 1737 (2006) adopted by the Security Council on 23 December 2006;

“Resolution 1747” (《第 1747 號決議》) means Resolution 1747 (2007) adopted by the Security Council on 24 March 2007;

“Security Council” (安全理事會) means the Security Council of the United Nations;

“ship” (船舶) includes every description of vessel used in navigation not propelled by oars;

“specified item” (指明項目) means—

- (a) any item, material, equipment, goods or technology set out in the Security Council document S/2006/814;
- (b) any item, material, equipment, goods or technology set out in the Security Council document S/2006/815; or
- (c) any arms or related material;

“specified prohibited item” (指明禁制項目) means any item, material, equipment, goods or technology that—

- (a) is covered by the Security Council document S/2006/814 or the Security Council document S/2006/815; and
- (b) is not a regulated prohibited item;

“warship” (軍艦) means any vessel or submarine armed and equipped for military use with a standard displacement of 500 metric tons or above, or any vessel or submarine with a standard displacement of less than 500 metric tons, equipped for launching missiles with a range of at least 25 km or torpedoes with similar range.

PART 2

PROHIBITIONS

*Supply, delivery or transfer of items***2. Prohibition against supply, delivery or transfer of certain items to Iran**

(1) Except under the authority of a licence granted under section 9(1)(a), a person shall not supply, deliver or transfer, or agree to supply, deliver or transfer, or do any act likely to promote the supply, delivery or transfer of, any regulated prohibited item or specified prohibited item—

- (a) to Iran;
- (b) to, or to the order of, a person connected with Iran;
- (c) to a destination or person for the purpose of delivery or transfer, directly or indirectly, to Iran or to, or to the order of, a person connected with Iran; or
- (d) for the use in or benefit of Iran.

(2) A person who contravenes subsection (1) commits an offence and is liable—

- (a) on conviction on indictment to a fine and to imprisonment for 7 years; or
- (b) on summary conviction to a fine at level 6 and to imprisonment for 6 months.

(3) In any proceedings for an offence under subsection (2), it is a defence for a person charged to prove that he did not know and had no reason to believe—

- (a) that the item concerned was a regulated prohibited item or specified prohibited item; or
- (b) that the item concerned was to be supplied, delivered or transferred—
 - (i) to Iran;
 - (ii) to, or to the order of, a person connected with Iran;

- (iii) to a destination or person for the purpose of delivery or transfer, directly or indirectly, to Iran or to, or to the order of, a person connected with Iran; or
 - (iv) for the use in or benefit of Iran.
- (4) This section applies to—
- (a) a person in the HKSAR; and
 - (b) a person acting elsewhere who is—
 - (i) both a Hong Kong permanent resident and a Chinese national; or
 - (ii) a body incorporated or constituted under the law of the HKSAR.

Carriage of items

3. Prohibition against carriage of certain items to Iran

- (1) This section applies to—
- (a) a ship that is registered in the HKSAR;
 - (b) an aircraft that is registered in the HKSAR;
 - (c) any other ship or aircraft that is for the time being chartered to a person who is—
 - (i) in the HKSAR;
 - (ii) both a Hong Kong permanent resident and a Chinese national; or
 - (iii) a body incorporated or constituted under the law of the HKSAR; and
 - (d) a vehicle in the HKSAR.
- (2) Without prejudice to the generality of section 2, a ship, aircraft or vehicle shall not, except under the authority of a licence granted under section 9(1)(b), be used for the carriage of any regulated prohibited item or specified prohibited item if the carriage is, or forms part of, carriage—
- (a) from a place outside Iran to a place in Iran;
 - (b) to, or to the order of, a person connected with Iran;
 - (c) to a destination for the purpose of delivery, directly or indirectly, to Iran or to, or to the order of, a person connected with Iran; or
 - (d) for the use in or benefit of Iran.
- (3) Subsection (2) does not apply if—
- (a) the carriage of the regulated prohibited item or specified prohibited item is performed in the course of the supply, delivery or transfer of the regulated prohibited item or specified prohibited item; and

(b) the supply, delivery or transfer was authorized by a licence granted under section 9(1)(a).

(4) If a ship, aircraft or vehicle is used in contravention of subsection (2), each specified person commits an offence and is liable—

(a) on conviction on indictment to a fine and to imprisonment for 7 years; or

(b) on summary conviction to a fine at level 6 and to imprisonment for 6 months.

(5) In any proceedings for an offence under subsection (4), it is a defence for a person charged to prove that he did not know and had no reason to believe—

(a) that the item concerned was a regulated prohibited item or specified prohibited item; or

(b) that the carriage of the item concerned was, or formed part of, carriage—

(i) from a place outside Iran to a place in Iran;

(ii) to, or to the order of, a person connected with Iran;

(iii) to a destination for the purpose of delivery, directly or indirectly, to Iran or to, or to the order of, a person connected with Iran; or

(iv) for the use in or benefit of Iran.

(6) In this section, “specified person” (指明人士) means—

(a) in relation to a ship registered in the HKSAR, the charterer, operator or master of the ship;

(b) in relation to any other ship—

(i) the charterer of the ship;

(ii) the operator of the ship, if the operator is in the HKSAR, or is both a Hong Kong permanent resident and a Chinese national, or is a body incorporated or constituted under the law of the HKSAR; or

(iii) the master of the ship, if the master is in the HKSAR or is both a Hong Kong permanent resident and a Chinese national;

(c) in relation to an aircraft registered in the HKSAR, the charterer, operator or commander of the aircraft;

(d) in relation to any other aircraft—

(i) the charterer of the aircraft;

(ii) the operator of the aircraft, if the operator is in the HKSAR, or is both a Hong Kong permanent resident and a Chinese national, or is a body incorporated or constituted under the law of the HKSAR; or

- (iii) the commander of the aircraft, if the commander is in the HKSAR or is both a Hong Kong permanent resident and a Chinese national; or
- (e) in relation to a vehicle, the operator or driver of the vehicle.

Procurement of items

4. Prohibition against procurement of certain items from Iran by certain persons

(1) A person shall not procure, agree to procure, or do any act likely to promote the procurement of any specified item—

- (a) from Iran; or
- (b) from a person connected with Iran.

(2) A person who contravenes subsection (1) commits an offence and is liable—

- (a) on conviction on indictment to a fine and to imprisonment for 7 years; or
- (b) on summary conviction to a fine at level 6 and to imprisonment for 6 months.

(3) In any proceedings for an offence under subsection (2), it is a defence for a person charged to prove that he did not know and had no reason to believe—

- (a) that the item concerned was a specified item; or
- (b) that the item concerned was—
 - (i) from Iran; or
 - (ii) from a person connected with Iran.

(4) This section applies to—

- (a) a person in the HKSAR; and
- (b) a person acting elsewhere who is—
 - (i) both a Hong Kong permanent resident and a Chinese national; or
 - (ii) a body incorporated or constituted under the law of the HKSAR.

5. Prohibition against procurement of certain items from Iran using ships, aircraft or vehicles

(1) This section applies to—

- (a) a ship that is registered in the HKSAR;
- (b) an aircraft that is registered in the HKSAR;

- (c) any other ship or aircraft that is for the time being chartered to a person who is—
 - (i) in the HKSAR;
 - (ii) both a Hong Kong permanent resident and a Chinese national; or
 - (iii) a body incorporated or constituted under the law of the HKSAR; and
 - (d) a vehicle in the HKSAR.
- (2) Without prejudice to section 4, a ship, aircraft or vehicle shall not be used for or in connection with the procurement of any specified item—
- (a) from Iran; or
 - (b) from a person connected with Iran.
- (3) If a ship, aircraft or vehicle is used in contravention of subsection (2), each specified person commits an offence and is liable—
- (a) on conviction on indictment to a fine and to imprisonment for 7 years; or
 - (b) on summary conviction to a fine at level 6 and to imprisonment for 6 months.
- (4) In any proceedings for an offence under subsection (3), it is a defence for a person charged to prove that he did not know and had no reason to believe—
- (a) that the item concerned was a specified item; or
 - (b) that the item concerned was—
 - (i) from Iran; or
 - (ii) from a person connected with Iran.
- (5) In this section, “specified person” (指明人士) means—
- (a) in relation to a ship registered in the HKSAR, the charterer, operator or master of the ship;
 - (b) in relation to any other ship—
 - (i) the charterer of the ship;
 - (ii) the operator of the ship, if the operator is in the HKSAR, or is both a Hong Kong permanent resident and a Chinese national, or is a body incorporated or constituted under the law of the HKSAR; or
 - (iii) the master of the ship, if the master is in the HKSAR or is both a Hong Kong permanent resident and a Chinese national;
 - (c) in relation to an aircraft registered in the HKSAR, the charterer, operator or commander of the aircraft;
 - (d) in relation to any other aircraft—
 - (i) the charterer of the aircraft;
 - (ii) the operator of the aircraft, if the operator is in the HKSAR, or is both a Hong Kong permanent resident and a

- Chinese national, or is a body incorporated or constituted under the law of the HKSAR; or
- (iii) the commander of the aircraft, if the commander is in the HKSAR or is both a Hong Kong permanent resident and a Chinese national; or
- (e) in relation to a vehicle, the operator or driver of the vehicle.

Provision or transfer of assistance, training, services or resources

6. Prohibition against provision or transfer of certain assistance, training, services or resources to Iran

(1) Except under the authority of a licence granted under section 10(1)(a), a person shall not provide any technical assistance or training, financial assistance, investment, brokering or other services related to the supply, sale, transfer, manufacture or use of any regulated prohibited item or conventional arms—

- (a) to Iran;
- (b) to, or to the order of, a person connected with Iran; or
- (c) to a destination or person for the purpose of provision, directly or indirectly, to Iran or to, or to the order of, a person connected with Iran.

(2) Except under the authority of a licence granted under section 10(1)(b), a person shall not transfer any financial resources or services related to the supply, sale, transfer, manufacture or use of any regulated prohibited item or conventional arms—

- (a) to Iran;
- (b) to, or to the order of, a person connected with Iran; or
- (c) to a destination or person for the purpose of transfer, directly or indirectly, to Iran or to, or to the order of, a person connected with Iran.

(3) A person who contravenes subsection (1) commits an offence and is liable—

- (a) on conviction on indictment to a fine and to imprisonment for 7 years; or
- (b) on summary conviction to a fine at level 6 and to imprisonment for 6 months.

(4) A person who contravenes subsection (2) commits an offence and is liable—

- (a) on conviction on indictment to a fine and to imprisonment for 7 years; or

(b) on summary conviction to a fine at level 6 and to imprisonment for 6 months.

(5) In any proceedings for an offence under subsection (3), it is a defence for a person charged to prove that he did not know and had no reason to believe—

(a) that the technical assistance or training, financial assistance, investment, brokering or other services concerned were to be provided—

(i) to Iran;

(ii) to, or to the order of, a person connected with Iran; or

(iii) to a destination or person for the purpose of provision, directly or indirectly, to Iran or to, or to the order of, a person connected with Iran; or

(b) that the technical assistance or training, financial assistance, investment, brokering or other services concerned related to the supply, sale, transfer, manufacture or use of the regulated prohibited item or conventional arms concerned.

(6) In any proceedings for an offence under subsection (4), it is a defence for a person charged to prove that he did not know and had no reason to believe—

(a) that the financial resources or services concerned were to be transferred—

(i) to Iran;

(ii) to, or to the order of, a person connected with Iran; or

(iii) to a destination or person for the purpose of transfer, directly or indirectly, to Iran or to, or to the order of, a person connected with Iran; or

(b) that the financial resources or services concerned related to the supply, sale, transfer, manufacture or use of the regulated prohibited item or conventional arms concerned.

(7) This section applies to—

(a) a person in the HKSAR; and

(b) a person acting elsewhere who is—

(i) both a Hong Kong permanent resident and a Chinese national; or

(ii) a body incorporated or constituted under the law of the HKSAR.

***Making available funds, etc. to certain
persons or entities***

**7. Prohibition against making available funds,
etc. to certain persons or entities**

(1) Without prejudice to section 6 but subject to section 8, a person shall not, except under the authority of a licence granted under section 11(1), make available any funds or other financial assets or economic resources to or for the benefit of a relevant person or a relevant entity.

(2) A person who contravenes subsection (1) commits an offence and is liable—

- (a) on conviction on indictment to a fine and to imprisonment for 7 years; or
- (b) on summary conviction to a fine at level 6 and to imprisonment for 6 months.

(3) In any proceedings for an offence under subsection (2), it is a defence for a person charged to prove that he did not know and had no reason to believe that the funds or other financial assets or economic resources concerned were to be made available to or for the benefit of a relevant person or a relevant entity.

(4) This section applies to—

- (a) a person in the HKSAR; and
- (b) a person acting elsewhere who is—
 - (i) both a Hong Kong permanent resident and a Chinese national; or
 - (ii) a body incorporated or constituted under the law of the HKSAR.

**8. Exceptions to prohibition against making
available funds, etc. to certain persons
or entities**

Section 7 does not prevent the addition to an account owned or controlled by a relevant person or a relevant entity of—

- (a) interest or other earnings due on that account; and
- (b) payments due under contracts, agreements or obligations that arose prior to the date on which such person or entity became a relevant person or a relevant entity,

but any such interest, other earnings and payments shall be subject to section 7(1).

PART 3

LICENCE

9. Licence for supply, delivery, transfer or carriage of certain items to Iran

(1) If it is proved to the satisfaction of the Chief Executive that all the requirements in subsection (2) or (3), as appropriate, are met, the Chief Executive shall, on application, grant, as appropriate—

- (a) a licence for the supply, delivery or transfer of, or the doing of an act likely to promote the supply, delivery or transfer of, any regulated prohibited item or specified prohibited item—
 - (i) to Iran;
 - (ii) to, or to the order of, a person connected with Iran;
 - (iii) to a destination or person for the purpose of delivery or transfer, directly or indirectly, to Iran or to, or to the order of, a person connected with Iran; or
 - (iv) for the use in or benefit of Iran; or
- (b) a licence for the carriage of any regulated prohibited item or specified prohibited item which is, or forms part of, carriage—
 - (i) from a place outside Iran to a place in Iran;
 - (ii) to, or to the order of, a person connected with Iran;
 - (iii) to a destination for the purpose of delivery, directly or indirectly, to Iran or to, or to the order of, a person connected with Iran; or
 - (iv) for the use in or benefit of Iran.

(2) For any regulated prohibited item, the requirements referred to in subsection (1) are as follows—

- (a) the Committee has determined in advance and on a case-by-case basis that the supply, delivery, transfer or carriage of the regulated prohibited item (including any item that is for food, agricultural, medical or other humanitarian purposes) would clearly not contribute to the development of Iran's technologies in support of—
 - (i) Iran's proliferation sensitive nuclear activities; or
 - (ii) the development of Iran's nuclear weapon delivery systems;

- (b) the applicant has submitted to the Chief Executive such information in relation to the end-use of the regulated prohibited item as the Chief Executive may require, and the Chief Executive has determined that the supply, delivery, transfer or carriage of the regulated prohibited item would clearly not contribute to the development of Iran's technologies in support of—
 - (i) Iran's proliferation sensitive nuclear activities; or
 - (ii) the development of Iran's nuclear weapon delivery systems;
 - (c) the Government of Iran has committed not to use the regulated prohibited item—
 - (i) in Iran's proliferation sensitive nuclear activities; or
 - (ii) for the development of Iran's nuclear weapon delivery systems.
- (3) For any specified prohibited item, the requirements referred to in subsection (1) are as follows—
- (a) the requirements, as appropriate, of the guidelines as set out in the Security Council document S/2006/814 and the Security Council document S/2006/985 are met;
 - (b) the Chief Executive has determined that he has obtained and is in a position to exercise effectively a right to verify the end-use and end-use location of the specified prohibited item.

10. Licence for provision or transfer of certain assistance, training, services or resources to Iran

(1) If it is proved to the satisfaction of the Chief Executive that all the requirements in subsection (2) are met, the Chief Executive shall, on application, grant, as appropriate—

- (a) a licence for the provision of any technical assistance or training, financial assistance, investment, brokering or other services related to the supply, sale, transfer, manufacture or use of any regulated prohibited item or conventional arms—
 - (i) to Iran;
 - (ii) to, or to the order of, a person connected with Iran; or
 - (iii) to a destination or person for the purpose of provision, directly or indirectly, to Iran or to, or to the order of, a person connected with Iran; or

- (b) a licence for the transfer of any financial resources or services related to the supply, sale, transfer, manufacture or use of any regulated prohibited item or conventional arms—
 - (i) to Iran;
 - (ii) to, or to the order of, a person connected with Iran; or
 - (iii) to a destination or person for the purpose of transfer, directly or indirectly, to Iran or to, or to the order of, a person connected with Iran.
- (2) The requirements referred to in subsection (1) are as follows—
 - (a) the Committee has determined in advance and on a case-by-case basis that the provision of the technical assistance or training, financial assistance, investment, brokering or other services, or the transfer of the financial resources or services (including any provision or transfer for food, agricultural, medical or other humanitarian purposes) would clearly not contribute to the development of Iran's technologies in support of—
 - (i) Iran's proliferation sensitive nuclear activities; or
 - (ii) the development of Iran's nuclear weapon delivery systems;
 - (b) the applicant has submitted to the Chief Executive such information in relation to the end-use of the technical assistance or training, financial assistance, investment, brokering or other services to be provided, or the financial resources or services to be transferred, as the Chief Executive may require, and the Chief Executive has determined that the provision or transfer would clearly not contribute to the development of Iran's technologies in support of—
 - (i) Iran's proliferation sensitive nuclear activities; or
 - (ii) the development of Iran's nuclear weapon delivery systems;
 - (c) the Government of Iran has committed not to use the regulated prohibited item or conventional arms—
 - (i) in Iran's proliferation sensitive nuclear activities; or
 - (ii) for the development of Iran's nuclear weapon delivery systems;
 - (d) in the case of the provision of any technical assistance or training, financial assistance, investment, brokering or other services, or the transfer of any financial resources or services, related to the supply, sale, transfer, manufacture or use of any conventional arms, the Chief Executive has determined that the provision or transfer would not contribute to the destabilizing accumulation of arms.

11. Licence for making available funds, etc. to certain persons or entities

(1) If it is proved to the satisfaction of the Chief Executive that any one of the requirements in subsection (2) is met, the Chief Executive shall, on application, grant a licence for making available funds or other financial assets or economic resources to or for the benefit of a relevant person or a relevant entity.

(2) The requirements referred to in subsection (1) are as follows—

(a) the funds or other financial assets or economic resources have been determined by the Chief Executive to be—

(i) necessary for basic expenses, including payment for foodstuffs, rents, mortgages, medicines and medical treatments, taxes, insurance premiums, and public utility charges; or

(ii) exclusively for payment of reasonable professional fees or reimbursement of incurred expenses associated with the provision of legal services,

and the Committee has been notified by the Chief Executive of the intention to authorize, where appropriate, access to such funds or other financial assets or economic resources, and the Committee has not made a negative decision within 5 working days of such notification;

(b) the funds or other financial assets or economic resources have been determined by the Chief Executive to be necessary for extraordinary expenses, and the Committee has been notified by the Chief Executive of the determination, and the Committee has approved the determination;

(c) the funds or other financial assets or economic resources have been determined by the Chief Executive to be the subject of a judicial, administrative or arbitral lien or judgment, and the lien or judgment—

(i) was entered prior to 23 December 2006;

(ii) is not for the benefit of a relevant person or a relevant entity; and

(iii) has been notified by the Chief Executive to the Committee;

(d) the funds or other financial assets or economic resources have been determined by the Chief Executive to be necessary for activities directly related to—

(i) any equipment covered by section B.1 of INFCIRC/254/Rev. 8/Part 1 in the Security Council document S/2006/814 when such equipment is for light water reactors; or

- (ii) any low-enriched uranium covered by section A.1.2 of INFCIRC/254/Rev. 8/Part 1 in the Security Council document S/2006/814 when it is incorporated in assembled nuclear fuel elements for light water reactors, and the Committee has been notified by the Chief Executive of the determination;
- (e) the Chief Executive has determined that—
 - (i) the funds or other financial assets or economic resources are for making payment due under a contract entered into prior to the date on which such person or entity became a relevant person or a relevant entity;
 - (ii) the contract is not related to—
 - (A) any regulated prohibited item;
 - (B) any technical assistance or training, financial assistance, investment, brokering or other services related to the supply, sale, transfer, manufacture or use of any regulated prohibited item or conventional arms; or
 - (C) any financial resources or services related to the supply, sale, transfer, manufacture or use of any regulated prohibited item or conventional arms; and
 - (iii) the payment is not received, directly or indirectly, by a relevant person or a relevant entity, and the Committee has been notified by the Chief Executive of the intention to authorize the payment not less than 10 working days prior to the authorization.

(3) A licence granted by the Chief Executive under subsection (1), on his being satisfied that the requirements in subsection (2)(c) are met, shall only authorize that the funds or other financial assets or economic resources be used to satisfy the relevant lien or judgment.

12. Provision of false information or documents for purpose of obtaining licences

(1) If, for the purpose of obtaining a licence, a person makes any statement or provides or produces any information or document that he knows to be false in a material particular, the person commits an offence and is liable—

- (a) on conviction on indictment to a fine and to imprisonment for 2 years; or
- (b) on summary conviction to a fine at level 6 and to imprisonment for 6 months.

(2) If, for the purpose of obtaining a licence, a person recklessly makes any statement or provides or produces any information or document that is false in a material particular, the person commits an offence and is liable—

- (a) on conviction on indictment to a fine and to imprisonment for 2 years; or
- (b) on summary conviction to a fine at level 6 and to imprisonment for 6 months.

PART 4

THINGS DONE OUTSIDE HKSAR

13. Licence or permission granted by authorities of places outside HKSAR

(1) If the circumstances described in subsection (2) apply, a provision of this Regulation which prohibits the doing of a thing except under the authority of a licence shall not have effect in relation to any such thing done in a place outside the HKSAR by—

- (a) a person who is ordinarily resident in that place; or
- (b) a body corporate incorporated or constituted under the law of that place.

(2) For the purposes of subsection (1), the circumstances are that the thing is done under the authority of a licence or with permission granted, in accordance with any law in force in that place outside the HKSAR (being a law substantially corresponding to the relevant provision of this Regulation), by the authority competent in that behalf under that law.

PART 5

ENFORCEMENT OF REGULATION

Investigation, etc. of suspected ships

14. Investigation of suspected ships

(1) If an authorized officer has reason to suspect that a ship to which section 3 or 5 applies has been, is being or is about to be used in contravention of section 3(2) or 5(2), he may—

- (a) either alone or accompanied and assisted by any person acting under his authority, board the ship and search it and, for that purpose, use or authorize the use of reasonable force; and
- (b) request the charterer, operator or master of the ship to provide such information relating to the ship and its cargo, and produce for his inspection such documents so relating and such cargo carried on it, as he may specify.

(2) If an authorized officer has reason to suspect that a ship is being or is about to be used in contravention of section 3(2) or 5(2), he may (either there and then or on consideration of any information provided or document or cargo produced in response to a request made under subsection (1)(b)), with a view to preventing the commission, or the continued commission, of such a contravention or in order that enquiries may be pursued, do one or more of the following—

- (a) direct the charterer, operator or master of the ship to refrain, except with the consent of an authorized officer, from landing at any port specified by the authorized officer any part of the ship's cargo that is so specified;
- (b) request the charterer, operator or master of the ship to take one or more of the following steps—
 - (i) to cause the ship, including any of its cargo, not to proceed with the voyage on which the ship is then engaged or about to be engaged until the charterer, operator or master is notified by an authorized officer that the ship and its cargo may so proceed;
 - (ii) (if the ship is in the HKSAR) to cause the ship and any of its cargo to remain in the HKSAR until the charterer, operator or master is notified by an authorized officer that the ship and its cargo may depart;
 - (iii) (if the ship is in any other place) to take the ship and any of its cargo to such port as is specified by an authorized officer, and to cause the ship and its cargo to remain in that place until the charterer, operator or master is notified by an authorized officer that the ship and its cargo may depart;
 - (iv) to take the ship and any of its cargo to such other destination as may be specified by an authorized officer in agreement with the charterer, operator or master.

(3) A power conferred by this section to request the provision of any information or the production of any document or cargo for inspection includes a power to—

- (a) specify whether the information should be provided orally or in writing and in what form; and

- (b) specify the time by which and the place in which the information should be provided or the document or cargo should be produced for inspection.

15. Offences by charterer, operator or master of ship

(1) If a charterer, operator or master of a ship disobeys any direction given under section 14(2)(a), or, without reasonable excuse, refuses or fails to comply with a request made under section 14(1)(b) or (2)(b) within the time specified by an authorized officer or, if no time is specified, within a reasonable time, the charterer, operator or master commits an offence and is liable on conviction to a fine at level 6 and to imprisonment for 6 months.

(2) If a charterer, operator or master of a ship, in response to a request made under section 14(1)(b) or (2)(b), provides or produces to an authorized officer any information, explanation or document that he knows to be false in a material particular, or recklessly provides or produces to an authorized officer any information, explanation or document that is false in a material particular, the charterer, operator or master commits an offence and is liable on conviction to a fine at level 6 and to imprisonment for 6 months.

16. Power of authorized officers to enter and detain ships

(1) Without prejudice to section 15, if an authorized officer has reason to suspect that a request that has been made under section 14(2)(b) may not be complied with, he may take such steps as appear to him to be necessary to secure compliance with that request and, without prejudice to the generality of the foregoing, may for that purpose—

- (a) enter, or authorize the entry on, any land and the ship concerned;
- (b) detain, or authorize the detention of, that ship and any of its cargo; and
- (c) use, or authorize the use of, reasonable force.

(2) Subject to subsection (3), subsection (1) does not authorize the detention of any ship for more than 12 hours.

(3) The Chief Secretary for Administration may, by order in writing signed by him, authorize the detention of a ship referred to in subsection (1) for further periods of not more than 12 hours each, and any such order shall state the times from which and for which the order shall be effective.

Investigation, etc. of suspected aircraft

17. Investigation of suspected aircraft

(1) If an authorized officer has reason to suspect that an aircraft to which section 3 or 5 applies has been, is being or is about to be used in contravention of section 3(2) or 5(2), he may—

- (a) either alone or accompanied and assisted by any person acting under his authority, board the aircraft and search it and, for that purpose, use or authorize the use of reasonable force; and
- (b) request the charterer, operator or commander of the aircraft, or all of them, to provide such information relating to the aircraft and its cargo, and produce for his inspection such documents so relating and such cargo carried on it, as he may specify.

(2) If the aircraft referred to in subsection (1) is in the HKSAR, an authorized officer may (either there and then or on consideration of any information provided or document or cargo produced in response to a request made under subsection (1)(b)) further request the charterer, operator or commander, or all of them, to cause the aircraft and any of its cargo to remain in the HKSAR until the charterer, operator or commander is, or (if the further request is made to all of them) all of them are, notified by an authorized officer that the aircraft and its cargo may depart.

(3) A power conferred by this section to request the provision of any information or the production of any document or cargo for inspection includes a power to—

- (a) specify whether the information should be provided orally or in writing and in what form; and
- (b) specify the time by which and the place in which the information should be provided or the document or cargo should be produced for inspection.

18. Offences by charterer, operator or commander of aircraft

(1) If a charterer, operator or commander of an aircraft, without reasonable excuse, refuses or fails to comply with a request made under section 17(1)(b) or (2) within the time specified by an authorized officer or, if no time is specified, within a reasonable time, the charterer, operator or commander commits an offence and is liable on conviction to a fine at level 6 and to imprisonment for 6 months.

(2) If a charterer, operator or commander of an aircraft, in response to a request made under section 17(1)(b) or (2), provides or produces to an authorized officer any information, explanation or document that he knows to

be false in a material particular, or recklessly provides or produces to an authorized officer any information, explanation or document that is false in a material particular, the charterer, operator or commander commits an offence and is liable on conviction to a fine at level 6 and to imprisonment for 6 months.

19. Power of authorized officers to enter and detain aircraft

(1) Without prejudice to section 18, if an authorized officer has reason to suspect that a request that has been made under section 17(2) may not be complied with, he may take such steps as appear to him to be necessary to secure compliance with that request and, without prejudice to the generality of the foregoing, may for that purpose—

- (a) enter, or authorize the entry on, any land and the aircraft concerned;
- (b) detain, or authorize the detention of, that aircraft and any of its cargo; and
- (c) use, or authorize the use of, reasonable force.

(2) Subject to subsection (3), subsection (1) does not authorize the detention of any aircraft for more than 6 hours.

(3) The Chief Secretary for Administration may, by order in writing signed by him, authorize the detention of an aircraft referred to in subsection (1) for further periods of not more than 6 hours each, and any such order shall state the times from which and for which the order shall be effective.

Investigation, etc. of suspected vehicles

20. Investigation of suspected vehicles

(1) If an authorized officer has reason to suspect that a vehicle in the HKSAR has been, is being or is about to be used in contravention of section 3(2) or 5(2), he may—

- (a) either alone or accompanied and assisted by any person acting under his authority, board the vehicle and search it and, for that purpose, use or authorize the use of reasonable force;
- (b) request the operator or driver of the vehicle to provide such information relating to the vehicle and any article carried on it, and produce for his inspection such documents so relating and such articles carried on it, as he may specify; and
- (c) (either there and then or on consideration of any information provided or document or article produced in response to a

request made under paragraph (b)) further request the operator or driver to take the vehicle and any article carried on it to such place as is specified by an authorized officer, and to cause the vehicle and the article to remain in that place until the operator or driver is notified by an authorized officer that the vehicle and the article may depart.

(2) A power conferred by this section to request the provision of any information or the production of any document or article for inspection includes a power to—

- (a) specify whether the information should be provided orally or in writing and in what form; and
- (b) specify the time by which and the place in which the information should be provided or the document or article should be produced for inspection.

21. Offences by operator or driver of vehicle

(1) If an operator or driver of a vehicle, without reasonable excuse, refuses or fails to comply with a request made under section 20(1)(b) or (c) within the time specified by an authorized officer or, if no time is specified, within a reasonable time, the operator or driver commits an offence and is liable on conviction to a fine at level 6 and to imprisonment for 6 months.

(2) If an operator or driver of a vehicle, in response to a request made under section 20(1)(b) or (c), provides or produces to an authorized officer any information, explanation or document that he knows to be false in a material particular, or recklessly provides or produces to an authorized officer any information, explanation or document that is false in a material particular, the operator or driver commits an offence and is liable on conviction to a fine at level 6 and to imprisonment for 6 months.

22. Power of authorized officers to enter and detain vehicles

(1) Without prejudice to section 21, if an authorized officer has reason to suspect that a request that has been made under section 20(1)(c) may not be complied with, he may take such steps as appear to him to be necessary to secure compliance with that request and, without prejudice to the generality of the foregoing, may for that purpose—

- (a) enter, or authorize the entry on, any land and enter, or authorize the entry into, the vehicle concerned;
- (b) detain, or authorize the detention of, that vehicle and any article carried on it; and
- (c) use, or authorize the use of, reasonable force.

(2) Subject to subsection (3), subsection (1) does not authorize the detention of any vehicle for more than 12 hours.

(3) The Commissioner may, by order in writing signed by him, authorize the detention of a vehicle referred to in subsection (1) for further periods of not more than 12 hours each, and any such order shall state the times from which and for which the order shall be effective.

Proof of identity

23. Production of proof of identity

Before or on exercising a power conferred by section 14, 16, 17, 19, 20 or 22, an authorized officer shall, if requested so to do, produce evidence of his identity.

PART 6

EVIDENCE

24. Power of magistrate or judge to grant warrant

(1) A magistrate or judge may grant a warrant if he is satisfied by information on oath given by an authorized officer that there are reasonable grounds for suspecting that—

- (a) an offence under this Regulation has been committed or is being committed; and
- (b) there is on any premises specified in the information, or on any ship, aircraft or vehicle so specified, evidence in relation to the commission of the offence.

(2) A warrant granted under subsection (1) may authorize any authorized officer, together with any other person named in the warrant, to enter the premises, ship, aircraft or vehicle specified in the information or any premises on which the ship, aircraft or vehicle so specified may be, at any time within one month from the date of the warrant, and to search the premises, ship, aircraft or vehicle.

(3) A person authorized by a warrant to search any premises, ship, aircraft or vehicle may exercise any or all of the following powers—

- (a) to search any person who is found on, or whom he has reasonable grounds to believe to have recently left or to be about to enter, the premises, ship, aircraft or vehicle;

- (b) to seize and detain any document or article found on the premises, ship, aircraft or vehicle or on such person that he has reasonable grounds to believe to be evidence in relation to the commission of an offence under this Regulation;
- (c) to take in relation to any such document or article any other steps that may appear necessary for preserving the document or article seized and preventing interference with it.

(4) A person may only be searched under this section by a person who is of the same sex.

(5) If a person is empowered under this section to enter any premises, ship, aircraft or vehicle, he may use such force as is reasonably necessary for that purpose.

25. Detention of documents or articles seized

(1) Subject to subsection (2), any document or article seized under section 24(3) may not be detained for a period of more than 3 months.

(2) If the document or article is relevant to an offence under this Regulation, and proceedings for the offence have begun, the document or article may be detained until the completion of those proceedings.

PART 7

DISCLOSURE OF INFORMATION OR DOCUMENTS

26. Disclosure of information or documents

(1) Any information or document provided, produced or seized in pursuance of this Regulation may be disclosed only if—

- (a) the person who provided or produced the information or document or the person from whom the document was seized has given consent to the disclosure;
- (b) the information or document is disclosed to a person who would have been empowered under this Regulation to request that it be provided or produced;
- (c) the information or document is disclosed on the authority of the Chief Executive, subject to the information or document being transmitted through and with the approval of the instructing authority, to any organ of the United Nations or to any person in the service of the United Nations or to the Government of any place outside the People's Republic of China for the purpose of assisting the United Nations or that Government in securing

- compliance with or detecting evasion of measures in relation to Iran decided on by the Security Council; or
- (d) the information or document is disclosed with a view to the institution of, or otherwise for the purposes of, any proceedings for an offence under this Regulation.
- (2) For the purposes of subsection (1)(a)—
- (a) a person may not give consent to the disclosure if he has obtained the information or possessed the document only in his capacity as servant or agent of another person; and
- (b) a person may give consent to the disclosure if he is entitled to the information or to the possession of the document in his own right.

PART 8

OTHER OFFENCES AND MISCELLANEOUS MATTERS

27. Liability of person other than principal offender

(1) Where the person convicted of an offence under this Regulation is a body corporate and it is proved that the offence was committed with the consent or connivance of, or was attributable to any neglect on the part of, any director, manager, secretary or other similar officer of the body corporate, the director, manager, secretary or other similar officer is guilty of the like offence.

(2) Where the person convicted of an offence under this Regulation is a firm and it is proved that the offence was committed with the consent or connivance of, or was attributable to any neglect on the part of, any partner in the firm or any person concerned in the management of the firm, the partner or the person concerned in the management of the firm is guilty of the like offence.

28. Offences in relation to obstruction of authorized persons, etc.

A person who obstructs another person (including a person acting under the authority of an authorized officer) in the exercise of his powers under this Regulation commits an offence and is liable on conviction to a fine at level 6 and to imprisonment for 6 months.

29. Offences in relation to evasion of this Regulation

A person who destroys, mutilates, defaces, secretes or removes any document or article with intent to evade any of the provisions of this Regulation commits an offence and is liable—

- (a) on conviction on indictment to a fine and to imprisonment for 2 years; or
- (b) on summary conviction to a fine at level 6 and to imprisonment for 6 months.

30. Proceedings to be instituted

(1) Proceedings for an offence under this Regulation may only be instituted by or with the consent of the Secretary for Justice.

(2) Summary proceedings for an offence under this Regulation, being an offence alleged to have been committed outside the HKSAR, may be commenced at any time not later than 12 months from the date on which the person charged first enters the HKSAR after the alleged commission of the offence.

31. Specification of relevant person or relevant entity by Chief Executive

The Chief Executive may, by notice published in the Gazette, specify any of the following persons or entities as a relevant person or a relevant entity—

- (a) a person or an entity listed in the Annex to Resolution 1737, as from time to time amended by the Security Council;
- (b) a person or an entity listed in Annex I to Resolution 1747, as from time to time amended by the Security Council;
- (c) a person or an entity designated by the Security Council or the Committee for the purposes of paragraph 12 of Resolution 1737.

32. Access to Security Council documents

The Director-General of Trade and Industry is to make available at his office, for inspection by the public during normal office hours, free of charge, an English version and a Chinese version of each of the following documents—

- (a) the Security Council document S/2006/814;
- (b) the Security Council document S/2006/815.

33. Exercise of powers of Chief Executive

The Chief Executive may, to such extent and subject to such restrictions and conditions as he may think proper, delegate or authorize the delegation of any of his powers or functions under this Regulation to any person, or class or description of persons, approved by him, and references in this Regulation to the Chief Executive shall be construed accordingly.

Donald TSANG
Chief Executive

25 September 2007

Explanatory Note

The purpose of this Regulation is to give effect to decisions of the Security Council of the United Nations (“the Security Council”) in Resolution 1737 (2006) as adopted by the Security Council on 23 December 2006 and Resolution 1747 (2007) as adopted by the Security Council on 24 March 2007.

2. The Regulation provides for the implementation of the following sanctions imposed by the Security Council in Resolution 1737 (2006) and Resolution 1747 (2007)—

- (a) prohibition against the direct or indirect sale, supply or transfer of certain items or technologies to Iran;
- (b) prohibition against the procurement of certain arms or related materials, items or equipment from Iran;
- (c) prohibition against the provision or transfer of certain assistance, training, services or resources to Iran; and
- (d) prohibition against making available to or for the benefit of certain persons or entities any funds or other financial assets or economic resources.

United Nations Sanctions Ordinance (Cap. 537)

**United Nations Sanctions
(Iran) Regulation**

This is to confirm that the Chief Executive received specific instructions from the Ministry of Foreign Affairs of the People's Republic of China in January and April 2007 which requested the Government of the Hong Kong Special Administrative Region to implement Resolutions No 1737 and 1747 of the Security Council of the United Nations, and that the United Nations Sanctions (Iran) Regulation was made in pursuance of that instruction

Dated this 3rd day of October 2007

A handwritten signature in black ink, appearing to be 'HT', with a stylized flourish at the end.

(Henry Tang)
Chief Secretary for Administration



Security Council

Distr.: General
27 December 2006

Resolution 1737 (2006)

**Adopted by the Security Council at its 5612th meeting, on
23 December 2006**

The Security Council,

Recalling the Statement of its President, S/PRST/2006/15, of 29 March 2006, and its resolution 1696 (2006) of 31 July 2006,

Reaffirming its commitment to the Treaty on the Non-Proliferation of Nuclear Weapons, and recalling the right of States Party, in conformity with Articles I and II of that Treaty, to develop research, production and use of nuclear energy for peaceful purposes without discrimination,

Reiterating its serious concern over the many reports of the IAEA Director General and resolutions of the IAEA Board of Governors related to Iran's nuclear programme, reported to it by the IAEA Director General, including IAEA Board resolution GOV/2006/14,

Reiterating its serious concern that the IAEA Director General's report of 27 February 2006 (GOV/2006/15) lists a number of outstanding issues and concerns on Iran's nuclear programme, including topics which could have a military nuclear dimension, and that the IAEA is unable to conclude that there are no undeclared nuclear materials or activities in Iran,

Reiterating its serious concern over the IAEA Director General's report of 28 April 2006 (GOV/2006/27) and its findings, including that, after more than three years of Agency efforts to seek clarity about all aspects of Iran's nuclear programme, the existing gaps in knowledge continue to be a matter of concern, and that the IAEA is unable to make progress in its efforts to provide assurances about the absence of undeclared nuclear material and activities in Iran,

Noting with serious concern that, as confirmed by the IAEA Director General's reports of 8 June 2006 (GOV/2006/38), 31 August 2006 (GOV/2006/53) and 14 November 2006 (GOV/2006/64), Iran has not established full and sustained suspension of all enrichment-related and reprocessing activities as set out in resolution 1696 (2006), nor resumed its cooperation with the IAEA under the Additional Protocol, nor taken the other steps required of it by the IAEA Board of Governors, nor complied with the provisions of Security Council resolution

* Reissued for technical reasons.



1696 (2006) and which are essential to build confidence, and *deploring* Iran's refusal to take these steps,

Emphasizing the importance of political and diplomatic efforts to find a negotiated solution guaranteeing that Iran's nuclear programme is exclusively for peaceful purposes, and *noting* that such a solution would benefit nuclear non-proliferation elsewhere, and *welcoming* the continuing commitment of China, France, Germany, the Russian Federation, the United Kingdom and the United States, with the support of the European Union's High Representative to seek a negotiated solution,

Determined to give effect to its decisions by adopting appropriate measures to persuade Iran to comply with resolution 1696 (2006) and with the requirements of the IAEA, and also to constrain Iran's development of sensitive technologies in support of its nuclear and missile programmes, until such time as the Security Council determines that the objectives of this resolution have been met,

Concerned by the proliferation risks presented by the Iranian nuclear programme and, in this context, by Iran's continuing failure to meet the requirements of the IAEA Board of Governors and to comply with the provisions of Security Council resolution 1696 (2006), *mindful* of its primary responsibility under the Charter of the United Nations for the maintenance of international peace and security,

Acting under Article 41 of Chapter VII of the Charter of the United Nations,

1. *Affirms* that Iran shall without further delay take the steps required by the IAEA Board of Governors in its resolution GOV/2006/14, which are essential to build confidence in the exclusively peaceful purpose of its nuclear programme and to resolve outstanding questions;

2. *Decides*, in this context, that Iran shall without further delay suspend the following proliferation sensitive nuclear activities:

(a) all enrichment-related and reprocessing activities, including research and development, to be verified by the IAEA; and

(b) work on all heavy water-related projects, including the construction of a research reactor moderated by heavy water, also to be verified by the IAEA;

3. *Decides* that all States shall take the necessary measures to prevent the supply, sale or transfer directly or indirectly from their territories, or by their nationals or using their flag vessels or aircraft to, or for the use in or benefit of, Iran, and whether or not originating in their territories, of all items, materials, equipment, goods and technology which could contribute to Iran's enrichment-related, reprocessing or heavy water-related activities, or to the development of nuclear weapon delivery systems, namely:

(a) those set out in sections B.2, B.3, B.4, B.5, B.6 and B.7 of INFCIRC/254/Rev.8/Part 1 in document S/2006/814;

(b) those set out in sections A.1 and B.1 of INFCIRC/254/Rev.8/Part 1 in document S/2006/814, except the supply, sale or transfer of:

(i) equipment covered by B.1 when such equipment is for light water reactors;

(ii) low-enriched uranium covered by A.1.2 when it is incorporated in assembled nuclear fuel elements for such reactors;

(c) those set out in document S/2006/815, except the supply, sale or transfer of items covered by 19.A.3 of Category II;

(d) any additional items, materials, equipment, goods and technology, determined as necessary by the Security Council or the Committee established by paragraph 18 below (herein “the Committee”), which could contribute to enrichment-related, or reprocessing, or heavy water-related activities, or to the development of nuclear weapon delivery systems;

4. *Decides* that all States shall take the necessary measures to prevent the supply, sale or transfer directly or indirectly from their territories, or by their nationals or using their flag vessels or aircraft to, or for the use in or benefit of, Iran, and whether or not originating in their territories, of the following items, materials, equipment, goods and technology:

(a) those set out in INFCIRC/254/Rev.7/Part2 of document S/2006/814 if the State determines that they would contribute to enrichment-related, reprocessing or heavy water-related activities;

(b) any other items not listed in documents S/2006/814 or S/2006/815 if the State determines that they would contribute to enrichment-related, reprocessing or heavy water-related activities, or to the development of nuclear weapon delivery systems;

(c) any further items if the State determines that they would contribute to the pursuit of activities related to other topics about which the IAEA has expressed concerns or identified as outstanding;

5. *Decides* that, for the supply, sale or transfer of all items, materials, equipment, goods and technology covered by documents S/2006/814 and S/2006/815 the export of which to Iran is not prohibited by subparagraphs 3 (b), 3 (c) or 4 (a) above, States shall ensure that:

(a) the requirements, as appropriate, of the Guidelines as set out in documents S/2006/814 and S/2006/985 have been met; and

(b) they have obtained and are in a position to exercise effectively a right to verify the end-use and end-use location of any supplied item; and

(c) they notify the Committee within ten days of the supply, sale or transfer; and

(d) in the case of items, materials, equipment, goods and technology contained in document S/2006/814, they also notify the IAEA within ten days of the supply, sale or transfer;

6. *Decides* that all States shall also take the necessary measures to prevent the provision to Iran of any technical assistance or training, financial assistance, investment, brokering or other services, and the transfer of financial resources or services, related to the supply, sale, transfer, manufacture or use of the prohibited items, materials, equipment, goods and technology specified in paragraphs 3 and 4 above;

7. *Decides* that Iran shall not export any of the items in documents S/2006/814 and S/2006/815 and that all Member States shall prohibit the procurement of such items from Iran by their nationals, or using their flag vessels or aircraft, and whether or not originating in the territory of Iran;

8. *Decides* that Iran shall provide such access and cooperation as the IAEA requests to be able to verify the suspension outlined in paragraph 2 and to resolve all outstanding issues, as identified in IAEA reports, and *calls upon* Iran to ratify promptly the Additional Protocol;

9. *Decides* that the measures imposed by paragraphs 3, 4 and 6 above shall not apply where the Committee determines in advance and on a case-by-case basis that such supply, sale, transfer or provision of such items or assistance would clearly not contribute to the development of Iran's technologies in support of its proliferation sensitive nuclear activities and of development of nuclear weapon delivery systems, including where such items or assistance are for food, agricultural, medical or other humanitarian purposes, provided that:

(a) contracts for delivery of such items or assistance include appropriate end-user guarantees; and

(b) Iran has committed not to use such items in proliferation sensitive nuclear activities or for development of nuclear weapon delivery systems;

10. *Calls upon* all States to exercise vigilance regarding the entry into or transit through their territories of individuals who are engaged in, directly associated with or providing support for Iran's proliferation sensitive nuclear activities or for the development of nuclear weapon delivery systems, and *decides* in this regard that all States shall notify the Committee of the entry into or transit through their territories of the persons designated in the Annex to this resolution (herein "the Annex"), as well as of additional persons designated by the Security Council or the Committee as being engaged in, directly associated with or providing support for Iran's proliferation sensitive nuclear activities and for the development of nuclear weapon delivery systems, including through the involvement in procurement of the prohibited items, goods, equipment, materials and technology specified by and under the measures in paragraphs 3 and 4 above, except where such travel is for activities directly related to the items in subparagraphs 3 (b) (i) and (ii) above;

11. *Underlines* that nothing in the above paragraph requires a State to refuse its own nationals entry into its territory, and that all States shall, in the implementation of the above paragraph, take into account humanitarian considerations as well as the necessity to meet the objectives of this resolution, including where Article XV of the IAEA Statute is engaged;

12. *Decides* that all States shall freeze the funds, other financial assets and economic resources which are on their territories at the date of adoption of this resolution or at any time thereafter, that are owned or controlled by the persons or entities designated in the Annex, as well as those of additional persons or entities designated by the Security Council or by the Committee as being engaged in, directly associated with or providing support for Iran's proliferation sensitive nuclear activities or the development of nuclear weapon delivery systems, or by persons or entities acting on their behalf or at their direction, or by entities owned or controlled by them, including through illicit means, and that the measures in this paragraph shall cease to apply in respect of such persons or entities if, and at such

time as, the Security Council or the Committee removes them from the Annex, and *decides further* that all States shall ensure that any funds, financial assets or economic resources are prevented from being made available by their nationals or by any persons or entities within their territories, to or for the benefit of these persons and entities;

13. *Decides* that the measures imposed by paragraph 12 above do not apply to funds, other financial assets or economic resources that have been determined by relevant States:

(a) to be necessary for basic expenses, including payment for foodstuffs, rent or mortgage, medicines and medical treatment, taxes, insurance premiums, and public utility charges or exclusively for payment of reasonable professional fees and reimbursement of incurred expenses associated with the provision of legal services, or fees or service charges, in accordance with national laws, for routine holding or maintenance of frozen funds, other financial assets and economic resources, after notification by the relevant States to the Committee of the intention to authorize, where appropriate, access to such funds, other financial assets or economic resources and in the absence of a negative decision by the Committee within five working days of such notification;

(b) to be necessary for extraordinary expenses, provided that such determination has been notified by the relevant States to the Committee and has been approved by the Committee;

(c) to be the subject of a judicial, administrative or arbitral lien or judgement, in which case the funds, other financial assets and economic resources may be used to satisfy that lien or judgement provided that the lien or judgement was entered into prior to the date of the present resolution, is not for the benefit of a person or entity designated pursuant to paragraphs 10 and 12 above, and has been notified by the relevant States to the Committee;

(d) to be necessary for activities directly related to the items specified in subparagraphs 3 (b) (i) and (ii) and have been notified by the relevant States to the Committee;

14. *Decides* that States may permit the addition to the accounts frozen pursuant to the provisions of paragraph 12 above of interests or other earnings due on those accounts or payments due under contracts, agreements or obligations that arose prior to the date on which those accounts became subject to the provisions of this resolution, provided that any such interest, other earnings and payments continue to be subject to these provisions and are frozen;

15. *Decides* that the measures in paragraph 12 above shall not prevent a designated person or entity from making payment due under a contract entered into prior to the listing of such a person or entity, provided that the relevant States have determined that:

(a) the contract is not related to any of the prohibited items, materials, equipment, goods, technologies, assistance, training, financial assistance, investment, brokering or services referred to in paragraphs 3, 4 and 6 above;

(b) the payment is not directly or indirectly received by a person or entity designated pursuant to paragraph 12 above;

and after notification by the relevant States to the Committee of the intention to make or receive such payments or to authorize, where appropriate, the unfreezing of funds, other financial assets or economic resources for this purpose, ten working days prior to such authorization;

16. *Decides* that technical cooperation provided to Iran by the IAEA or under its auspices shall only be for food, agricultural, medical, safety or other humanitarian purposes, or where it is necessary for projects directly related to the items specified in subparagraphs 3 (b) (i) and (ii) above, but that no such technical cooperation shall be provided that relates to the proliferation sensitive nuclear activities set out in paragraph 2 above;

17. *Calls upon* all States to exercise vigilance and prevent specialized teaching or training of Iranian nationals, within their territories or by their nationals, of disciplines which would contribute to Iran's proliferation sensitive nuclear activities and development of nuclear weapon delivery systems;

18. *Decides* to establish, in accordance with rule 28 of its provisional rules of procedure, a Committee of the Security Council consisting of all the members of the Council, to undertake the following tasks:

(a) to seek from all States, in particular those in the region and those producing the items, materials, equipment, goods and technology referred to in paragraphs 3 and 4 above, information regarding the actions taken by them to implement effectively the measures imposed by paragraphs 3, 4, 5, 6, 7, 8, 10 and 12 of this resolution and whatever further information it may consider useful in this regard;

(b) to seek from the secretariat of the IAEA information regarding the actions taken by the IAEA to implement effectively the measures imposed by paragraph 16 of this resolution and whatever further information it may consider useful in this regard;

(c) to examine and take appropriate action on information regarding alleged violations of measures imposed by paragraphs 3, 4, 5, 6, 7, 8, 10 and 12 of this resolution;

(d) to consider and decide upon requests for exemptions set out in paragraphs 9, 13 and 15 above;

(e) to determine as may be necessary additional items, materials, equipment, goods and technology to be specified for the purpose of paragraph 3 above;

(f) to designate as may be necessary additional individuals and entities subject to the measures imposed by paragraphs 10 and 12 above;

(g) to promulgate guidelines as may be necessary to facilitate the implementation of the measures imposed by this resolution and include in such guidelines a requirement on States to provide information where possible as to why any individuals and/or entities meet the criteria set out in paragraphs 10 and 12 and any relevant identifying information;

(h) to report at least every 90 days to the Security Council on its work and on the implementation of this resolution, with its observations and recommendations, in particular on ways to strengthen the effectiveness of the measures imposed by paragraphs 3, 4, 5, 6, 7, 8, 10 and 12 above;

19. *Decides* that all States shall report to the Committee within 60 days of the adoption of this resolution on the steps they have taken with a view to implementing effectively paragraphs 3, 4, 5, 6, 7, 8, 10, 12 and 17 above;

20. *Expresses* the conviction that the suspension set out in paragraph 2 above as well as full, verified Iranian compliance with the requirements set out by the IAEA Board of Governors, would contribute to a diplomatic, negotiated solution that guarantees Iran's nuclear programme is for exclusively peaceful purposes, *underlines* the willingness of the international community to work positively for such a solution, *encourages* Iran, in conforming to the above provisions, to re-engage with the international community and with the IAEA, and *stresses* that such engagement will be beneficial to Iran;

21. *Welcomes* the commitment of China, France, Germany, the Russian Federation, the United Kingdom and the United States, with the support of the European Union's High Representative, to a negotiated solution to this issue and encourages Iran to engage with their June 2006 proposals (S/2006/521), which were endorsed by the Security Council in resolution 1696 (2006), for a long-term comprehensive agreement which would allow for the development of relations and cooperation with Iran based on mutual respect and the establishment of international confidence in the exclusively peaceful nature of Iran's nuclear programme;

22. *Reiterates* its determination to reinforce the authority of the IAEA, strongly supports the role of the IAEA Board of Governors, *commends* and *encourages* the Director General of the IAEA and its secretariat for their ongoing professional and impartial efforts to resolve all remaining outstanding issues in Iran within the framework of the IAEA, *underlines* the necessity of the IAEA continuing its work to clarify all outstanding issues relating to Iran's nuclear programme;

23. *Requests* within 60 days a report from the Director General of the IAEA on whether Iran has established full and sustained suspension of all activities mentioned in this resolution, as well as on the process of Iranian compliance with all the steps required by the IAEA Board and with the other provisions of this resolution, to the IAEA Board of Governors and in parallel to the Security Council for its consideration;

24. *Affirms* that it shall review Iran's actions in the light of the report referred to in paragraph 23 above, to be submitted within 60 days, and:

(a) that it shall suspend the implementation of measures if and for so long as Iran suspends all enrichment-related and reprocessing activities, including research and development, as verified by the IAEA, to allow for negotiations;

(b) that it shall terminate the measures specified in paragraphs 3, 4, 5, 6, 7, 10 and 12 of this resolution as soon as it determines that Iran has fully complied with its obligations under the relevant resolutions of the Security Council and met the requirements of the IAEA Board of Governors, as confirmed by the IAEA Board;

(c) that it shall, in the event that the report in paragraph 23 above shows that Iran has not complied with this resolution, adopt further appropriate measures under Article 41 of Chapter VII of the Charter of the United Nations to persuade Iran to comply with this resolution and the requirements of the IAEA, and *underlines* that further decisions will be required should such additional measures be necessary;

25. *Decides* to remain seized of the matter.

Annex

A. Entities involved in the nuclear programme

1. Atomic Energy Organisation of Iran
2. Mesbah Energy Company (provider for A40 research reactor — Arak)
3. Kala-Electric (aka Kalaye Electric) (provider for PFEP — Natanz)
4. Pars Trash Company (involved in centrifuge programme, identified in IAEA reports)
5. Farayand Technique (involved in centrifuge programme, identified in IAEA reports)
6. Defence Industries Organisation (overarching MODAFL-controlled entity, some of whose subordinates have been involved in the centrifuge programme making components, and in the missile programme)
7. 7th of Tir (subordinate of DIO, widely recognized as being directly involved in the nuclear programme)

B. Entities involved in the ballistic missile programme

1. Shahid Hemmat Industrial Group (SHIG) (subordinate entity of AIO)
2. Shahid Bagheri Industrial Group (SBIG) (subordinate entity of AIO)
3. Fajr Industrial Group (formerly Instrumentation Factory Plant, subordinate entity of AIO)

C. Persons involved in the nuclear programme

1. Mohammad Qannadi, AEOI Vice President for Research & Development
2. Behman Asgarpour, Operational Manager (Arak)
3. Dawood Agha-Jani, Head of the PFEP (Natanz)
4. Ehsan Monajemi, Construction Project Manager, Natanz
5. Jafar Mohammadi, Technical Adviser to the AEOI (in charge of managing the production of valves for centrifuges)
6. Ali Hajinia Leilabadi, Director General of Mesbah Energy Company
7. Lt Gen Mohammad Mehdi Nejad Nouri, Rector of Malek Ashtar University of Defence Technology (chemistry dept, affiliated to MODALF, has conducted experiments on beryllium)

D. Persons involved in the ballistic missile programme

1. Gen Hosein Salimi, Commander of the Air Force, IRGC (Pasdaran)
2. Ahmad Vahid Dastjerdi, Head of the AIO

3. Reza-Gholi Esmaeli, Head of Trade & International Affairs Dept, AIO
4. Bahmanyar Morteza Bahmanyar, Head of Finance & Budget Dept, AIO

E. Persons involved in both the nuclear and ballistic missile programmes

1. Maj Gen Yahya Rahim Safavi, Commander, IRGC (Pasdaran)
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Security Council

Distr.: General
24 March 2007

Resolution 1747 (2007)

Adopted by the Security Council at its 5647th meeting on 24 March 2007

The Security Council,

Recalling the Statement of its President, S/PRST/2006/15, of 29 March 2006, and its resolution 1696 (2006) of 31 July 2006, and its resolution 1737 (2006) of 23 December 2006, and *reaffirming* their provisions,

Reaffirming its commitment to the Treaty on the Non-Proliferation of Nuclear Weapons, the need for all States Party to that Treaty to comply fully with all their obligations, and recalling the right of States Party, in conformity with Articles I and II of that Treaty, to develop research, production and use of nuclear energy for peaceful purposes without discrimination,

Recalling its serious concern over the reports of the IAEA Director General as set out in its resolutions 1696 (2006) and 1737 (2006),

Recalling the latest report by the IAEA Director General (GOV/2007/8) of 22 February 2007 and *deploring* that, as indicated therein, Iran has failed to comply with resolution 1696 (2006) and resolution 1737 (2006),

Emphasizing the importance of political and diplomatic efforts to find a negotiated solution guaranteeing that Iran's nuclear programme is exclusively for peaceful purposes, and *noting* that such a solution would benefit nuclear non-proliferation elsewhere, and *welcoming* the continuing commitment of China, France, Germany, the Russian Federation, the United Kingdom and the United States, with the support of the European Union's High Representative to seek a negotiated solution,

Recalling the resolution of the IAEA Board of Governors (GOV/2006/14), which states that a solution to the Iranian nuclear issue would contribute to global non-proliferation efforts and to realizing the objective of a Middle East free of weapons of mass destruction, including their means of delivery,

Determined to give effect to its decisions by adopting appropriate measures to persuade Iran to comply with resolution 1696 (2006) and resolution 1737 (2006) and with the requirements of the IAEA, and also to constrain Iran's development of sensitive technologies in support of its nuclear and missile programmes, until such



time as the Security Council determines that the objectives of these resolutions have been met,

Recalling the requirement on States to join in affording mutual assistance in carrying out the measures decided upon by the Security Council,

Concerned by the proliferation risks presented by the Iranian nuclear programme and, in this context, by Iran's continuing failure to meet the requirements of the IAEA Board of Governors and to comply with the provisions of Security Council resolutions 1696 (2006) and 1737 (2006), *mindful* of its primary responsibility under the Charter of the United Nations for the maintenance of international peace and security,

Acting under Article 41 of Chapter VII of the Charter of the United Nations,

1. *Reaffirms* that Iran shall without further delay take the steps required by the IAEA Board of Governors in its resolution GOV/2006/14, which are essential to build confidence in the exclusively peaceful purpose of its nuclear programme and to resolve outstanding questions, and, in this context, *affirms* its decision that Iran shall without further delay take the steps required in paragraph 2 of resolution 1737 (2006);

2. *Calls upon* all States also to exercise vigilance and restraint regarding the entry into or transit through their territories of individuals who are engaged in, directly associated with or providing support for Iran's proliferation sensitive nuclear activities or for the development of nuclear weapon delivery systems, and *decides* in this regard that all States shall notify the Committee established pursuant to paragraph 18 of resolution 1737 (2006) (herein "the Committee") of the entry into or transit through their territories of the persons designated in the Annex to resolution 1737 (2006) or Annex I to this resolution, as well as of additional persons designated by the Security Council or the Committee as being engaged in, directly associated with or providing support for Iran's proliferation sensitive nuclear activities or for the development of nuclear weapon delivery systems, including through the involvement in procurement of the prohibited items, goods, equipment, materials and technology specified by and under the measures in paragraphs 3 and 4 of resolution 1737 (2006), except where such travel is for activities directly related to the items in subparagraphs 3 (b) (i) and (ii) of that resolution;

3. *Underlines* that nothing in the above paragraph requires a State to refuse its own nationals entry into its territory, and that all States shall, in the implementation of the above paragraph, take into account humanitarian considerations, including religious obligations, as well as the necessity to meet the objectives of this resolution and resolution 1737 (2006), including where Article XV of the IAEA Statute is engaged;

4. *Decides* that the measures specified in paragraphs 12, 13, 14 and 15 of resolution 1737 (2006) shall apply also to the persons and entities listed in Annex I to this resolution;

5. *Decides* that Iran shall not supply, sell or transfer directly or indirectly from its territory or by its nationals or using its flag vessels or aircraft any arms or related materiel, and that all States shall prohibit the procurement of such items from Iran by their nationals, or using their flag vessels or aircraft, and whether or not originating in the territory of Iran;

6. *Calls upon* all States to exercise vigilance and restraint in the supply, sale or transfer directly or indirectly from their territories or by their nationals or using their flag vessels or aircraft of any battle tanks, armoured combat vehicles, large calibre artillery systems, combat aircraft, attack helicopters, warships, missiles or missile systems as defined for the purpose of the United Nations Register on Conventional Arms to Iran, and in the provision to Iran of any technical assistance or training, financial assistance, investment, brokering or other services, and the transfer of financial resources or services, related to the supply, sale, transfer, manufacture or use of such items in order to prevent a destabilizing accumulation of arms;

7. *Calls upon* all States and international financial institutions not to enter into new commitments for grants, financial assistance, and concessional loans, to the Government of the Islamic Republic of Iran, except for humanitarian and developmental purposes;

8. *Calls upon* all States to report to the Committee within 60 days of the adoption of this resolution on the steps they have taken with a view to implementing effectively paragraphs 2, 4, 5, 6 and 7 above;

9. *Expresses* the conviction that the suspension set out in paragraph 2 of resolution 1737 (2006) as well as full, verified Iranian compliance with the requirements set out by the IAEA Board of Governors would contribute to a diplomatic, negotiated solution that guarantees Iran's nuclear programme is for exclusively peaceful purposes, *underlines* the willingness of the international community to work positively for such a solution, *encourages* Iran, in conforming to the above provisions, to re-engage with the international community and with the IAEA, and *stresses* that such engagement will be beneficial to Iran;

10. *Welcomes* the continuous affirmation of the commitment of China, France, Germany, the Russian Federation, the United Kingdom and the United States, with the support of the European Union's High Representative, to a negotiated solution to this issue and *encourages* Iran to engage with their June 2006 proposals (S/2006/521), attached in Annex II to this resolution, which were endorsed by the Security Council in resolution 1696 (2006), and *acknowledges* with appreciation that this offer to Iran remains on the table, for a long-term comprehensive agreement which would allow for the development of relations and cooperation with Iran based on mutual respect and the establishment of international confidence in the exclusively peaceful nature of Iran's nuclear programme;

11. *Reiterates* its determination to reinforce the authority of the IAEA, strongly supports the role of the IAEA Board of Governors, *commends and encourages* the Director General of the IAEA and its secretariat for their ongoing professional and impartial efforts to resolve all outstanding issues in Iran within the framework of the IAEA, *underlines* the necessity of the IAEA, which is internationally recognized as having authority for verifying compliance with safeguards agreements, including the non-diversion of nuclear material for non-peaceful purposes, in accordance with its Statute, to continue its work to clarify all outstanding issues relating to Iran's nuclear programme;

12. *Requests* within 60 days a further report from the Director General of the IAEA on whether Iran has established full and sustained suspension of all activities mentioned in resolution 1737 (2006), as well as on the process of Iranian

compliance with all the steps required by the IAEA Board and with the other provisions of resolution 1737 (2006) and of this resolution, to the IAEA Board of Governors and in parallel to the Security Council for its consideration;

13. *Affirms* that it shall review Iran's actions in light of the report referred to in paragraph 12 above, to be submitted within 60 days, and:

(a) that it shall suspend the implementation of measures if and for so long as Iran suspends all enrichment-related and reprocessing activities, including research and development, as verified by the IAEA, to allow for negotiations in good faith in order to reach an early and mutually acceptable outcome;

(b) that it shall terminate the measures specified in paragraphs 3, 4, 5, 6, 7 and 12 of resolution 1737 (2006) as well as in paragraphs 2, 4, 5, 6 and 7 above as soon as it determines, following receipt of the report referred to in paragraph 12 above, that Iran has fully complied with its obligations under the relevant resolutions of the Security Council and met the requirements of the IAEA Board of Governors, as confirmed by the IAEA Board;

(c) that it shall, in the event that the report in paragraph 12 above shows that Iran has not complied with resolution 1737 (2006) and this resolution, adopt further appropriate measures under Article 41 of Chapter VII of the Charter of the United Nations to persuade Iran to comply with these resolutions and the requirements of the IAEA, and underlines that further decisions will be required should such additional measures be necessary;

14. *Decides* to remain seized of the matter.

Annex I

Entities involved in nuclear or ballistic missile activities

1. Ammunition and Metallurgy Industries Group (AMIG) (aka Ammunition Industries Group) (AMIG controls 7th of Tir, which is designated under resolution 1737 (2006) for its role in Iran's centrifuge programme. AMIG is in turn owned and controlled by the Defence Industries Organisation (DIO), which is designated under resolution 1737 (2006))
2. Esfahan Nuclear Fuel Research and Production Centre (NFRPC) and Esfahan Nuclear Technology Centre (ENTC) (Parts of the Atomic Energy Organisation of Iran's (AEOI) Nuclear Fuel Production and Procurement Company, which is involved in enrichment-related activities. AEOI is designated under resolution 1737 (2006))
3. Kavoshyar Company (Subsidiary company of AEOI, which has sought glass fibres, vacuum chamber furnaces and laboratory equipment for Iran's nuclear programme)
4. Parchin Chemical Industries (Branch of DIO, which produces ammunition, explosives, as well as solid propellants for rockets and missiles)
5. Karaj Nuclear Research Centre (Part of AEOI's research division)
6. Novin Energy Company (aka Pars Novin) (Operates within AEOI and has transferred funds on behalf of AEOI to entities associated with Iran's nuclear programme)
7. Cruise Missile Industry Group (aka Naval Defence Missile Industry Group) (Production and development of cruise missiles. Responsible for naval missiles including cruise missiles)
8. Bank Sepah and Bank Sepah International (Bank Sepah provides support for the Aerospace Industries Organisation (AIO) and subordinates, including Shahid Hemmat Industrial Group (SHIG) and Shahid Bagheri Industrial Group (SBIG), both of which were designated under resolution 1737 (2006))
9. Sanam Industrial Group (subordinate to AIO, which has purchased equipment on AIO's behalf for the missile programme)
10. Ya Mahdi Industries Group (subordinate to AIO, which is involved in international purchases of missile equipment)

Iranian Revolutionary Guard Corps entities

1. Qods Aeronautics Industries (Produces unmanned aerial vehicles (UAVs), parachutes, para-gliders, para-motors, etc. Iranian Revolutionary Guard Corps (IRGC) has boasted of using these products as part of its asymmetric warfare doctrine)
2. Pars Aviation Services Company (Maintains various aircraft including MI-171, used by IRGC Air Force)
3. Sho'a' Aviation (Produces micro-lights which IRGC has claimed it is using as part of its asymmetric warfare doctrine)

Persons involved in nuclear or ballistic missile activities

1. Fereidoun Abbasi-Davani (Senior Ministry of Defence and Armed Forces Logistics (MODAFL) scientist with links to the Institute of Applied Physics, working closely with Mohsen Fakhrizadeh-Mahabadi, designated below)
2. Mohsen Fakhrizadeh-Mahabadi (Senior MODAFL scientist and former head of the Physics Research Centre (PHRC). The IAEA have asked to interview him about the activities of the PHRC over the period he was head but Iran has refused)
3. Seyed Jaber Safdari (Manager of the Natanz Enrichment Facilities)
4. Amir Rahimi (Head of Esfahan Nuclear Fuel Research and Production Center, which is part of the AEOL's Nuclear Fuel Production and Procurement Company, which is involved in enrichment-related activities)
5. Mohsen Hojati (Head of Fajr Industrial Group, which is designated under resolution 1737 (2006) for its role in the ballistic missile programme)
6. Mehrdada Akhlaghi Ketabachi (Head of SBIG, which is designated under resolution 1737 (2006) for its role in the ballistic missile programme)
7. Naser Maleki (Head of SHIG, which is designated under resolution 1737 (2006) for its role in Iran's ballistic missile programme. Naser Maleki is also a MODAFL official overseeing work on the Shahab-3 ballistic missile programme. The Shahab-3 is Iran's long range ballistic missile currently in service)
8. Ahmad Derakhshandeh (Chairman and Managing Director of Bank Sepah, which provides support for the AIO and subordinates, including SHIG and SBIG, both of which were designated under resolution 1737 (2006))

Iranian Revolutionary Guard Corps key persons

1. Brigadier General Morteza Rezaie (Deputy Commander of IRGC)
2. Vice Admiral Ali Akbar Ahmadian (Chief of IRGC Joint Staff)
3. Brigadier General Mohammad Reza Zahedi (Commander of IRGC Ground Forces)
4. Rear Admiral Morteza Safari (Commander of IRGC Navy)
5. Brigadier General Mohammad Hejazi (Commander of Bassij resistance force)
6. Brigadier General Qasem Soleimani (Commander of Qods force)
7. General Zolqadr (IRGC officer, Deputy Interior Minister for Security Affairs)

Annex II

Elements of a long-term agreement

Our goal is to develop relations and cooperation with Iran, based on mutual respect and the establishment of international confidence in the exclusively peaceful nature of the nuclear programme of the Islamic Republic of Iran. We propose a fresh start in the negotiation of a comprehensive agreement with Iran. Such an agreement would be deposited with the International Atomic Energy Agency (IAEA) and endorsed in a Security Council resolution.

To create the right conditions for negotiations,

We will:

- Reaffirm Iran's right to develop nuclear energy for peaceful purposes in conformity with its obligations under the Treaty on the Non-Proliferation of Nuclear Weapons (hereinafter, NPT), and in this context reaffirm our support for the development by Iran of a civil nuclear energy programme.
- Commit to support actively the building of new light water reactors in Iran through international joint projects, in accordance with the IAEA statute and NPT.
- Agree to suspend discussion of Iran's nuclear programme in the Security Council upon the resumption of negotiations.

Iran will:

- Commit to addressing all of the outstanding concerns of IAEA through full cooperation with IAEA.
- Suspend all enrichment-related and reprocessing activities to be verified by IAEA, as requested by the IAEA Board of Governors and the Security Council, and commit to continue this during these negotiations.
- Resume the implementation of the Additional Protocol.

Areas of future cooperation to be covered in negotiations on a long-term agreement

1. Nuclear

We will take the following steps:

Iran's rights to nuclear energy

- Reaffirm Iran's inalienable right to nuclear energy for peaceful purposes without discrimination and in conformity with articles I and II of NPT, and cooperate with Iran in the development by Iran of a civil nuclear power programme.
- Negotiate and implement a Euratom/Iran nuclear cooperation agreement.

Light water reactors

- Actively support the building of new light water power reactors in Iran through international joint projects, in accordance with the IAEA statute and NPT, using state-of-the-art technology, including by authorizing the transfer of necessary goods and the provision of advanced technology to make its power reactors safe against earthquakes.
- Provide cooperation with the management of spent nuclear fuel and radioactive waste through appropriate arrangements.

Research and development in nuclear energy

- Provide a substantive package of research and development cooperation, including possible provision of light water research reactors, notably in the fields of radioisotope production, basic research and nuclear applications in medicine and agriculture.

Fuel guarantees

- Give legally binding, multilayered fuel assurances to Iran, based on:
 - Participation as a partner in an international facility in Russia to provide enrichment services for a reliable supply of fuel to Iran's nuclear reactors. Subject to negotiations, such a facility could enrich all uranium hexafluoride (UF₆) produced in Iran.
 - Establishment on commercial terms of a buffer stock to hold a reserve of up to five years' supply of nuclear fuel dedicated to Iran, with the participation and under supervision of IAEA.
 - Development with IAEA of a standing multilateral mechanism for reliable access to nuclear fuel, based on ideas to be considered at the next meeting of the Board of Governors.

Review of moratorium

The long-term agreement would, with regard to common efforts to build international confidence, contain a clause for review of the agreement in all its aspects, to follow:

- Confirmation by IAEA that all outstanding issues and concerns reported by it, including those activities which could have a military nuclear dimension, have been resolved;
- Confirmation that there are no undeclared nuclear activities or materials in Iran and that international confidence in the exclusively peaceful nature of Iran's civil nuclear programme has been restored.

2. Political and economic

Regional security cooperation

Support for a new conference to promote dialogue and cooperation on regional security issues.

International trade and investment

Improving Iran's access to the international economy, markets and capital, through practical support for full integration into international structures, including the World Trade Organization and to create the framework for increased direct investment in Iran and trade with Iran (including a trade and economic cooperation agreement with the European Union). Steps would be taken to improve access to key goods and technology.

Civil aviation

Civil aviation cooperation, including the possible removal of restrictions on United States and European manufacturers in regard to the export of civil aircraft to Iran, thereby widening the prospect of Iran renewing its fleet of civil airliners.

Energy partnership

Establishment of a long-term energy partnership between Iran and the European Union and other willing partners, with concrete and practical applications.

Telecommunications infrastructure

Support for the modernization of Iran's telecommunication infrastructure and advanced Internet provision, including by possible removal of relevant United States and other export restrictions.

High technology cooperation

Cooperation in fields of high technology and other areas to be agreed upon.

Agriculture

Support for agricultural development in Iran, including possible access to United States and European agricultural products, technology and farm equipment.
