



## Financial Sanctions Notice

8 October 2008

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### The Landsbanki Freezing Order 2008

Her Majesty's Treasury issue this Notice to draw attention to the Order made today which gives effect to a freeze on funds owned, held or controlled by the Icelandic bank **Landsbanki**, including those owned, held or controlled in relation to that bank by the relevant Icelandic Authorities or the Government of Iceland. For the purposes of the Order 'Landsbanki' means **Landsbanki Islands hf.**, a public limited company incorporated under the law of Iceland.

The Treasury make the Order because they believe that action to the detriment of the UK's economy (or part of it) has been or is likely to be taken by certain persons who are the government of or resident of a country or territory outside the UK.

#### Introduction

1. The Landsbanki Freezing Order 2008 (SI 2008/2668) came into force at 10.10am on 8 October 2008.
2. The relevant articles of the Order apply to any person in the UK or any person elsewhere who is:
  - (a) a British citizen, a British overseas territories citizen, a British Overseas citizen, a person who under the British Nationality Act 1981 is a British subject, a British National (Overseas) or a British protected person; or
  - (b) a body incorporated or constituted under the law of any part of the UK including a Scottish partnership.

The Order therefore applies to banks, financial institutions, charitable organisations and non-governmental organisations in the UK or established under UK law. The Order does not apply to subsidiaries of UK companies operating wholly outside the UK and which do not have legal personality under UK law.

#### Specified persons

3. For the purposes of the Order a specified person is:
  - (i) Landsbanki;
  - (ii) The Authorities; and
  - (iii) The Government of Iceland.

‘The Authorities’ means:

- (i) the Central Bank of Iceland, Kalkofnsvegi 1, 150 Reykjavik;
- (ii) the Icelandic Financial Services Authority (the Fjármálaeftirlitið); and
- (iii) the Landsbanki receivership committee established by the Icelandic Financial Services Authority.

#### **Definition of funds**

4. For the purposes of the Order “funds” means financial assets and economic benefits of any kind, including (but not limited to):
- (i) gold, cash, cheques, claims on money, drafts, money orders and other payment instruments;
  - (ii) deposits with relevant institutions or other persons, balances on accounts, debts and debt obligations;
  - (iii) publicly and privately traded securities and debt instruments, including stocks and shares, certificates representing securities, bonds, notes, warrants, debentures and derivative products;
  - (iv) interest, dividends or other income on or value accruing from or generated by assets;
  - (v) credit, rights of set-off, guarantees, performance bonds or other financial commitments;
  - (vi) letters of credit, bills of lading, bills of sale; and
  - (vii) documents providing evidence of an interest in funds or financial resources.

#### **Frozen funds**

5. For the purposes of the Order, “frozen funds” means:
- (a) funds owned, held or controlled by Landsbanki; and
  - (b) funds relating to Landsbanki and owned, held or controlled by:
    - (i) any of the Authorities; or
    - (ii) the Government of Iceland.

#### **Freezing funds of specified persons**

6. A person must not make frozen funds available to or for the benefit of a specified person, or at the direction or instruction of a specified person, or deal with frozen funds except under the authority of a licence granted by the Treasury.
7. For the purposes of the Order, making funds available to or for the benefit of a specified person includes:
- (a) allowing it to withdraw from an account;
  - (b) honouring a cheque payable to it;

- (c) crediting its account with interest;
- (d) releasing documents of title (such as share certificates) held on its behalf;
- (e) making available the proceeds of realisation of its property; and
- (f) making a payment to or for its benefit.

8. In this context, “deal with” funds means use, alter, move, allow access to or transfer, or deal with in any other way that would result in any change in volume, amount, location, ownership, possession, character or destination; or make any other change that would enable use, including portfolio management.

### **Legislation**

9. The Treasury makes this Order under the powers conferred by sections 4 and 14 of and Schedule 3 to the Anti-terrorism, Crime and Security Act 2001.

### **Provision of information**

10. All financial institutions and other bodies and persons in the UK are required to inform HM Treasury of all funds that they have frozen in accordance with the Order. They must also provide HM Treasury with all relevant information necessary for ensuring compliance with the Order.

### **Exemptions**

11. Further guidance on exemptions will be issued in due course.

### **Enquiries**

12. All media enquiries should be directed to the Treasury’s Press Office on 020 7270 4558.

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