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TO ALL MEMBERS

Dear Sirs

Iran Sanctions - EU Council Regulation 267/2012 - Exports of crude oil and petroleum products from Iran - prohibitions with effect from 1 July 2012.

Members have previously been informed through FAQs (Frequently Asked Questions) prepared by the International Group of the impact of the prohibitions on trading with cargoes of crude oil and petroleum products originating from Iran and on associated P&I cover once the prohibitions become effective on **1 July 2012**. Whilst there has been some speculation in the media of a possible deferral of the implementation date for the prohibitions, the Council of the European Union issued a press release on 25 June confirming that the exemptions relating to pre-23 January 2012 contracts for importing and transporting Iranian oil and the provision of P&I insurance cover for the transport of Iranian oil by EU regulated insurers will cease and such activities will be prohibited (as provided for under the Regulation) with effect from 1 July 2012.

Trade and insurance prohibitions

Pursuant to the provisions of Articles 11 1 (d) and 12 (2) of the Regulation, the Association will be prohibited from providing cover to any member/s in respect of voyages transporting crude oil or petroleum products if they originate in Iran regardless of whether the final destination of the cargo is within or outside of the EU. A related ban in respect of the transportation of Iranian petrochemical cargoes and insurance thereof entered into force on 1 May 2012. The carriage of such crude oil or petroleum products (which is in any event prohibited for shipowners domiciled or regulated within the EU but remains permissible for non-EU domiciled or regulated shipowners performing voyages outside the EU) will trigger the Association's sanctions cover exclusion provisions. Members who may lawfully continue to carry such cargoes and who wish to do so are recommended to make alternative liability insurance or financial security arrangements with insurers or state/sovereign guarantee schemes or other financial providers which are not subject to the prohibitions contained in the Regulation. If Members are intending to perform such voyages they are recommended to notify the Association in advance of performance and upon completion of the voyage.

Bunkers

As stated in the FAQs, the prohibitions will apply not only to the carriage of crude oil and petroleum products as cargo but also to bunker stems of Iranian origin. Consequently it is not just tankers but potentially all vessel types which may be subject to trading or insurance cover prohibitions. Where it is known that bunkers intended to be stemmed to a vessel are of Iranian origin, such bunkers should not be loaded. Where there is any cause to suspect that bunkers

might originate from Iran, or be blended with Iranian oil, Members are strongly recommended to request confirmation prior to stemming bunkers that they are not of Iranian origin and, in the absence of such confirmation being received, it would be prudent to request an alternative bunker stem.

The Group will continue to engage with the relevant regulatory bodies and to monitor further progress relating to the implementation of these and other sanctions measures impacting on trading and insurance cover and members will be kept updated on developments.

Yours faithfully
A BILBROUGH & CO LTD
(MANAGERS)