

EXPLANATORY MEMORANDUM TO
THE LANDSBANKI FREEZING (REVOCATION) ORDER 2009

2009 No. 1392

1. This explanatory memorandum has been prepared by HM Treasury and is laid before Parliament by Command of Her Majesty.

This memorandum contains information for the Joint Committee on Statutory Instruments.

2. **Purpose of the instrument**

- 2.1 The Order revokes the Landsbanki Freezing Order 2008 (S.I. 2008/2668) and the Landsbanki Freezing (Amendment) Order 2008 (S.I. 2008/2766).

3. **Matters of special interest to the Joint Committee**

3.1 The Order was made on 10th June 2009 and then was laid before Parliament on that day, to come into force on 15th June 2009. The Order lifts the asset freeze which has applied in the UK in relation to the assets of the Icelandic bank, Landsbanki.

3.2 The asset freeze was imposed following the likelihood of action to the detriment of the UK economy. HM Government has obtained commitments from the Icelandic authorities as a result of which the Treasury believe that there is no longer a threat of action to the detriment of the UK economy by persons specified in the Landsbanki Freezing Order 2008. The commitments are to honour obligations to depositors under the EC Deposit Guarantee Scheme Directive (Directive 94/19/EC of 30 May 1994). In these circumstances, it is appropriate to revoke the Landsbanki Freezing Order 2008 and the associated amendment Order.

3.3 This Order does not comply with the 21-day rule according to which relevant instruments are laid before Parliament for at least 21 days prior to coming into force. The Order is being brought into force sooner because it is desirable to lift the asset-freeze in a shorter timeframe given the commitments of the Icelandic Government mean that the threat to the UK economy no longer applies and given the effect of the asset freeze on Landsbanki.

4. **Legislative Context**

4.1 The Order is made under sections 4 and 14 of and Schedule 3 to the Anti-terrorism, Crime and Security Act 2001 (c.24).

5. **Territorial Extent and Application**

5.1 This instrument applies to all of the United Kingdom.

6. **European Convention on Human Rights**

The Financial Services Secretary has made the following statement regarding Human Rights:

In my view the provisions of the Landsbanki Freezing (Revocation) Order 2009 are compatible with the Convention rights

7. Policy background

- *What is being done and why*

7.1 As stated above, the Treasury believe there is no longer a likely threat of action to the detriment of the UK economy by persons specified in the Landsbanki Freezing Order 2008.

7.2 In these circumstances, it is appropriate to lift the asset freeze which has applied in relation to the Icelandic bank Landsbanki.

7.3 The Order, by revoking the earlier Orders, lifts the asset freeze.

8. Consultation outcome

8.1 The Order has not been consulted upon.

9. Guidance

9.1 Guidance has been prepared by HM Treasury in relation to the main Order and is available on HM Treasury's website.

10. Impact

10.1 The impact on business, charities or voluntary bodies of this Order together with the main Order is that in the event of them holding 'frozen funds' i.e. funds relating to Landsbanki, those funds are no longer frozen and a licence to deal with the funds is no longer required from the Treasury.

10.2 The impact on the public sector is the same.

10.3 An Impact Assessment has been produced and is attached to this memorandum.

11. Regulating small business

11.1 The legislation applies to small businesses.

12. Monitoring & review

12.1 The provisions under which the original asset freezing Order was made includes provision that the Treasury must keep a freezing order under review (see section 7 of the Act). This has been done and the asset freeze is being lifted at the appropriate stage.

13. Contact

Hannah Gurga at HM Treasury 1 Horse Guards Road, London SW1A 2HQ. Tel: 020-7270 4345 or e-mail: Hannah.gurga@hm-treasury.x.gsi.gov.uk can answer any queries regarding the instrument.

Summary: Intervention & Options

Department /Agency: HMT	Title: Impact Assessment of the Landsbanki Freezing (Revocation) Order 2009	
Stage: Implementation	Version: 1	Date: 9 June 2009
Related Publications: The Landsbanki Freezing Order 2008; The Landsbanki Freezing (Amendment) Order 2008.		

Available to view or download at:

<http://www.hm-treasury.gov.uk>

Contact for enquiries: Hannah Gurga

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What is the problem under consideration? Why is government intervention necessary?

On 8 October 2008, the Treasury made the Landsbanki Freezing Order 2008 because the Treasury believed that action to the detriment of the UK's economy (or part of it) had been or was likely to be taken by certain persons who are the government of or resident of a country or territory outside the UK. The freezing order froze the funds and financial assets held by the Icelandic bank Landsbanki in the UK. The Treasury considers that it is no longer the case that action to the detriment of the UK economy which renders it appropriate to continue the freezing order is likely to be taken.

What are the policy objectives and the intended effects?

To lift the asset freeze under the Landsbanki Freezing Order 2008. The bank and third parties will no longer require a licence from the Treasury to deal with frozen funds. The restriction on the repatriation of Landsbanki assets from the UK to Iceland will be removed and repatriation of assets will be possible although not automatic.

What policy options have been considered? Please justify any preferred option.

The Landsbanki Freezing Order 2008 is made under sections 4 and 14 of and Schedule 3 to The Anti-Terrorism, Crime and Security Act 2001. The condition that 'action, or the threat of action to the detriment of the UK economy (or part of it) has been or is likely to be taken' by persons specified in the Order is the condition on using the powers, and must be kept under review. Once the threat has passed, it is appropriate that the Order should be revoked. The Treasury considers that it is no longer the case that action to the detriment of the UK economy is likely to be taken.

When will the policy be reviewed to establish the actual costs and benefits and the achievement of the desired effects? No review of the Revocation Order is envisaged.

Ministerial Sign-off For SELECT STAGE Impact Assessments:

I have read the Impact Assessment and I am satisfied that, given the available evidence, it represents a reasonable view of the likely costs, benefits and impact of the leading options.

Signed by the responsible Minister:
 PAUL MYNERS

.....Date: 9 June 2009

Summary: Analysis & Evidence					
Policy Option:		Description:			
COSTS	ANNUAL COSTS		Description and scale of key monetised costs by 'main affected groups'		
	One-off (Transition)	Yrs			
	£				
	Average Annual Cost (excluding one-off)				
	£		Total Cost (PV)	£	
Other key non-monetised costs by 'main affected groups'					
BENEFITS	ANNUAL BENEFITS		Description and scale of key monetised benefits by 'main affected groups'		
	One-off	Yrs			
	£				
	Average Annual Benefit (excluding one-off)				
	£		Total Benefit (PV)	£	
Other key non-monetised benefits by 'main affected groups'					
Key Assumptions/Sensitivities/Risks					
Price Base Year	Time Period Years	Net Benefit Range (NPV) £	NET BENEFIT (NPV Best estimate) £		
What is the geographic coverage of the policy/option?					
On what date will the policy be implemented?					
Which organisation(s) will enforce the policy?					
What is the total annual cost of enforcement for these organisations?			£		
Does enforcement comply with Hampton principles?			Yes/No		
Will implementation go beyond minimum EU requirements?			Yes/No		
What is the value of the proposed offsetting measure per year?			£		
What is the value of changes in greenhouse gas emissions?			£		
Will the proposal have a significant impact on competition?			Yes/No		
Annual cost (£-£) per organisation (excluding one-off)		Micro	Small	Medium	Large
Are any of these organisations exempt?		Yes/No	Yes/No	N/A	N/A
Impact on Admin Burdens Baseline (2005 Prices) (Increase - Decrease)					
Increase of	£	Decrease of	£	Net Impact £	
Key: Annual costs and benefits: Constant Prices (Net) Present Value					

[Use this space (with a recommended maximum of 30 pages) to set out the evidence, analysis and detailed narrative from which you have generated your policy options or proposal. Ensure that the information is organised in such a way as to explain clearly the summary information on the preceding pages of this form.]

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Specific Impact Tests: Checklist

Use the table below to demonstrate how broadly you have considered the potential impacts of your policy options.

Ensure that the results of any tests that impact on the cost-benefit analysis are contained within the main evidence base; other results may be annexed.

Type of testing undertaken	<i>Results in Evidence Base?</i>	<i>Results annexed?</i>
Competition Assessment	Yes/No	Yes/No
Small Firms Impact Test	Yes/No	Yes/No
Legal Aid	Yes/No	Yes/No
Sustainable Development	Yes/No	Yes/No
Carbon Assessment	Yes/No	Yes/No
Other Environment	Yes/No	Yes/No
Health Impact Assessment	Yes/No	Yes/No
Race Equality	Yes/No	Yes/No
Disability Equality	Yes/No	Yes/No
Gender Equality	Yes/No	Yes/No
Human Rights	Yes/No	Yes/No
Rural Proofing	Yes/No	Yes/No

Annexes

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