

January 30, 2012

Yawar Shah  
Chairman of the Board of Directors  
SWIFT  
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Belgium

SWIFT New York Office  
7 Times Square  
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New York, NY 10036

**Re: SWIFT and Iran**

Dear Chairman Shah:

By this letter, United Against Nuclear Iran (“UANI”) calls upon the Society for Worldwide Interbank Financial Telecommunication (“SWIFT”) to publicly clarify its work in Iran and to:

1. Terminate its relationship with and deny SWIFT access to Bank Markazi, Iran’s Central Bank;
2. Terminate its relationship and deny SWIFT access to all sanction-designated Iranian financial institutions, and;
3. Terminate its relationship and deny access to all Iranian Banks.

As you know, SWIFT provides the means “through which the financial world conducts its business.” (Company Website, “[Company Information](#),” accessed on 01/27/2012). The primary global means to transfer money from bank to bank is through SWIFT-based electronic information transfers. Any person that has sent or received money via “wire” transfer has used the SWIFT system to effectuate the transfer of funds from one bank account to an account in another bank. Nearly every financial institution around the world utilizes a unique SWIFT assigned Business Identifier Code (“BIC”) that permits that institution to exchange and remit funds by and between every other world financial institution that is a member of the SWIFT system.

As SWIFT itself describes, “[w]hile SWIFT is neither a payment nor a settlement system ... a large and growing number of systemically important payment systems have become dependent on SWIFT, which has thus acquired a systemic character.” (Company Website, “[Oversight of SWIFT](#),” accessed on 01/27/2012). By way of example, the Trans-European Automated Real-time Gross Settlement Express Transfer System (“TARGET 2”) is the interbank payment system used by all banks and countries in the European Union (“EU”). The only means by which banks may connect to TARGET2 is by and through membership and access to SWIFT. There is “no alternative.” (Company Website, “[SWIFTNet messaging on TARGET2: Frequently Asked Questions](#),” Version 14, September 2007). No financial institution in Iran would be able to process funds transfers in any EU country without access to SWIFT. It is the means of communication on which the financial world wholly depends for certainty of transaction.

Unfortunately, the global SWIFT system is used by Iran to finance its nuclear weapons program, to finance terrorist activities and to provide the financial support necessary to brutally repress its own people. The SWIFT 2010 Annual Review states that in 2010 Iran’s 19 SWIFT member banks and 25 connected institutions had sent 1.160 million messages and received 1.105 messages - a 0.7% increase in messages sent and received since 2009. (“[SWIFT Annual Review 2010](#),” April 2011). Including branches, departments and head offices, there are 675 SWIFT codes listed for these institutions in Iran. (The SWIFT Codes Website, “[Iran](#),” accessed 01/27/2012). Each is a conduit for financing individual activities and in total they comprise the sole systemic means for Iran to access the global banking system.

Absent access to SWIFT, the dictatorial regime of Iran would be severely impeded in financing these illegal and amoral activities. SWIFT’s continued presence in Iran provides the essential electronic means for the Iranian regime to finance its activities. For each day that SWIFT knowingly continues to provide Iran access to the international financial system, SWIFT will be increasingly complicit in Iran’s nefarious behavior. SWIFT must immediately end its activities with Iranian financial institutions, and deny Iranian financial institutions access to the SWIFT system.

The United States and the EU have enacted a series of sweeping sanctions against Iran, including against Iran’s Central Bank. Yet, Iran’s Central Bank continues to have access to the international financial system through SWIFT. Even a cursory review of the Central Bank’s website reveals the Bank’s SWIFT code for transactions as BMJIIRTH. (Central Bank of the Islamic Republic of Iran, “[Contact](#),” accessed 01/27/2012)

Given the pervasive influence of the Islamic Revolutionary Guard Corps (“IRGC”) throughout the Iranian economy, it is inconceivable that any Iranian bank is free from IRGC influence or outright control. Regardless, of the Iranian banks that are reported to use SWIFT, many are specifically designated as sanctioned entities. They include, among others, Bank Sepah (SWIFT/BIC: SEPIRTH), Bank Melli (MELIIRTH), Bank Mellat (BKMTIRTH), Bank Saderat (BSIRIRTH), Export Development Bank of Iran (EDBIIRTH), Post Bank of Iran (PBIRIRTH), Europaisch-Iranische Handelsbank (EIHDEHH), Bank Refah Kargaran (REFAIRTH), Bank of Industry and Mine (BOIMIRTH), and Bank Tejarat (BTEJIRTH).

SWIFT should responsibly end all SWIFT access to all Iranian banks. As it stands, SWIFT is in violation of law if it has continued to provide SWIFT access to sanctioned-designated banks. Please immediately cease and desist from providing SWIFT access to these entities.

SWIFT's role in the Iranian financial system violates various sanctions laws including U.S. law and EU law. SWIFT's omnipresence in the United States financial system clearly subjects it to U.S. law including sanctions and other financial restrictions on business in Iran.

The *Comprehensive Iran Sanctions, Accountability and Divestment Act of 2010* ("CISADA") was passed with overwhelming bi-partisan support in the U.S. Congress and signed into law by President Obama in July 2010. CISADA prescribes mandatory sanctions with respect to institutions that engage in certain transactions. SWIFT is in direct violation of CISADA for conducting business with sanctioned Iranian banks. According to the U.S. Treasury Department, "Under CISADA, foreign financial institutions that knowingly facilitate significant transactions or provide significant financial services for an Iranian-linked financial institution designated by the U.S. ... face the loss of their direct access to the U.S. financial system" (U.S. Treasury Department. "[Treasury Designates Major Iranian State-Owned Bank](#)," 1/23/12).

Specifically, under Section 104 (c) of CISADA, a foreign financial institution shall be penalized if it engages in the following activities: "facilitates the efforts of the Government of Iran (including efforts of Iran's Revolutionary Guard Corps or any of its agents or affiliates to acquire or develop weapons of mass destruction...or provide support for organizations designated as foreign terrorist organizations..." (CISADA, Section 104 (c)(2)(A); "facilitates the activities of a person subject to financial sanctions pursuant to United Nations Security Council Resolution 1737, 1747, 1803 or 1929..." (CISADA, Section 104 (c)(2)(B); "facilitates efforts by the Central Bank of Iran or any other Iranian financial institution to carry out an activity described in subparagraph (A) or (B)...(CISADA, Section 104 (c)(2)(D); or "facilitates a significant transaction or transactions or provides significant financial services for Iran's Revolutionary Guard Corps...or a financial institution whose property or interests in property are blocked pursuant to that Act in connection with Iran's proliferation...or support for international terrorism." (CISADA, Section 104 (c)(2)(E)

As described in detail above, a number of UN and U.S. sanction-designated Iranian banks, including Iran's Central Bank, possess unique BIC codes and freely utilize the SWIFT system. By providing SWIFT access to financial institutions sanction-designated by the UN and U.S. for activities including proliferation and support for international terrorism, SWIFT is acting in violation of the foregoing provisions of CISADA and other U.S. law.

Given that SWIFT is headquartered in Belgium, it is directly governed by the laws of the EU and SWIFT's electronic funds transfer system is clearly governed by EU Regulations. On October 25, 2010, the European Union imposed new "restrictive measures against Iran" in EU Council Regulation No. 961/2010(1). Under the terms of Regulation No. 961/2010, "restrictive measures comprise...[of] restrictions on transfers of funds to and from Iran, [and] restrictions concerning the Iranian banking sector..." (Council Regulation (EU) No. 961/2010(2)). The Regulation further provides for "persons to be made subject to the freezing of funds and

economic resources....” (Council Regulation (EU) No. 961/2010(3)). The Regulation defines funds to include “financial assets and benefits of every kind including, but not limited to: cash, cheques, claims on money, drafts, money orders and other payment instruments...; and documents showing evidence of an interest in funds or financial resources.” (Council Regulation (EU) No. 961/2010 Article 1(j)(i) and (vii)). It defines economic resources to mean “assets of every kind, whether tangible or intangible, movable or immovable, which are not funds, but which maybe be used to obtain funds, good or services....” (Council Regulation (EU) No. 961/2010 Article 1(f)). The EU determined that the “freezing of funds ... [includes]... [p]reventing any move, transfer, alteration, use of, access to, or dealing with funds in any way that would result in any change in their volume, amount, location, ownership, possession, character, destination or other change that would enable the funds to be used....” (Council Regulation (EU) No. 961/2010 Article 1(i)).

Chapter IV Article 16 of Regulation No. 961/2010 requires that all “funds and economic resources belonging to [certain sanctioned persons and entities] shall be frozen.” Importantly, Chapter IV prohibits any persons or entities from “assist[ing] a listed person, entity or body to evade or violate the provisions of this Regulation” and mandates that “[n]o funds or economic resources shall be made available, directly or indirectly, to or for the benefit of ... persons [and] entities listed.” (Council Regulation (EU) No. 961/2010 Article 16(2)(b) and (3)).

SWIFT’s own Corporate Rules prohibit its activities in Iran. Under Section 1.4.1(1) of SWIFT’S Corporate Rules entitled “Responsibilities”, “[i]t is SWIFT policy that its services should not be used to facilitate illegal activities.” Without SWIFT’s permission no Iranian financial institution would be able to access the SWIFT system. “A condition precedent to the usage of SWIFT’s services is that a company needs to join SWIFT by registering with SWIFT and becoming an authorized SWIFT user.” “Any company applying for SWIFT usership must comply with ... eligibility criteria.” Section 2.1. SWIFT makes it clear that it may reject applicants or expel a SWIFT user if:

[T]he access to or use of the SWIFT services and products by that prospective or existing SWIFT user has adversely affected, or may adversely affect, the security, reliability and/or resiliency of its operations or, more generally, SWIFT’s reputation, brand, or goodwill, for instance if the prospective or existing SWIFT user is subject to sanctions (for example, UN or EU) or is not in compliance with applicable laws or regulations.

Section 2.7 (a); See SWIFT By-Laws Clause 7 “Loss Of User Status,” and Clause 8 “Termination Procedure.”

By permitting Iranian sanction-designated financial institutions, including Iran’s Central Bank, and/or non-designated Iranian financial institutions to access SWIFT clearly runs afoul of SWIFT’s own rules. SWIFT must deny Iran’s Central Bank and all Iranian financial institutions access to the SWIFT system.

In addition, we are concerned that SWIFT’s regional partners in the Middle East are providing specific services in Iran to facilitate Iran in accessing the SWIFT system and in

potentially avoiding sanctions restrictions. The Allied Engineering Group (“AEG”) appears to be the technical provider to SWIFT customers in Iran. By facilitating Iranian transactions abroad and in violation of sanction restrictions, AEG is also acting in violation of U.S. and EU law. SWIFT’s partners that provide hardware and software that enable Iranian access to the SWIFT system also are acting in violation of U.S. and EU law. Please place all such partners on notice that their actions in concert with SWIFT are in violation of such law. By separate correspondence we will make similar demands on certain such SWIFT partners.

Also by separate correspondence, we will contact the Central Bankers of the Group of Ten countries (“G-10”) that cooperatively oversee SWIFT and SWIFT’s Board of Directors with our concerns.

Given the urgency of the Iranian threat please let us hear from you on or before February 6, 2012 with clarifying information on SWIFT’s work in Iran and your detailed plans to terminate SWIFT access to the Iranian Central Bank, sanction-designated Iranian Banks and the broader Iranian banking system that is controlled by the IRGC.

Thank you for your immediate attention to this matter.

Very truly yours,



Ambassador Mark D. Wallace

cc: Luc Coen  
Governor, National Bank of Belgium

Francois Masai  
Deputy Governor, National Bank of Belgium

Ben S. Bernanke  
Chairman, United States Federal Reserve

Janet Y. Yellen  
Vice Chair, United States Federal Reserve

Mark J. Carney  
Governor, Bank of Canada

Tiff Macklem  
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Christian Noyer  
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J.F. van Duyne  
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Chairman of the Executive Board and Governor, the Riksbank

Kerstin af Jochnick  
First Deputy Governor, the Riksbank

Hansueli Raggenbass  
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Thomas J. Jordan  
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Charles Bean  
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Managing Director, International Monetary Fund

David Lipton  
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Executive Director, European Banking Authority

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The Honorable Joseph I. Lieberman  
Chairman, United States Senate Committee on Homeland Security &  
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The Honorable Susan M. Collins  
Ranking Member, United States Senate Committee on Homeland Security &  
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The Honorable John Kerry  
Chairman, United States Senate Committee on Foreign Relations

The Honorable Richard Lugar  
Ranking Member, United States Senate Committee on Foreign Relations

The Honorable Mark Kirk  
United States Senate

The Honorable Jon Tester  
United States Senate

The Honorable Robert Menendez  
United States Senate

The Honorable Peter T. King  
Chairman, United States House Committee on Homeland Security

The Honorable Bennie Thompson  
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The Honorable Ileana Ros-Lehtinen  
Chairman, United States House Committee on Foreign Affairs

The Honorable Howard Berman  
Ranking Member, United States House Committee on Foreign Affairs

The Honorable Howard P. McKeon  
Chairman, United States House Armed Services Committee

The Honorable Adam Smith  
Ranking Member, United States House Armed Services Committee

The Honorable Steve Israel  
United States House of Representatives

The Honorable Leon E. Panetta  
Secretary of Defense, United States Department of Defense

The Honorable David S. Cohen  
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