

Licensing in terrorism cases

The overall objective of the licensing system in terrorist asset freezing cases – whether under the AQ/ISIL regime or the TAFAs regime - is to strike an appropriate balance between minimising the risk of diversion of funds to terrorism and meeting the human rights of designated persons and other third parties. To this end, the Treasury may grant licences to allow exceptions to the freeze.

The UK's domestic *Terrorist Asset Freezing etc. Act 2010* ("TAFAs") regime contains a broad licensing ground such that the prohibitions in that Act do not apply to anything done under a licence granted by HM Treasury.

The licensing grounds in the UN Da'esh (ISIL) and Al Qaida asset freezing regime ("AQ/ISIL regime") are divided into basic and extraordinary expenses. In relation to those designated under the AQ/ISIL regime who are seeking a licence, the Treasury must notify the United Nations of all basic needs licences, and must seek authorisation from the UN prior to issuing extraordinary expenses licences. The UN may not always grant authorisation.

In order to licence as proportionately as possible whilst mitigating the risk of terrorist financing, we may also attach conditions to licences. Licence conditions apply safeguards to ensure that funds or economic resources can be made available to designated persons in a way that protects against terrorist financing risks. In this way, appropriate conditions facilitate the granting of licences that it might otherwise not be possible to grant.

The conditions we apply to licences reflect two broad policy objectives:

- to ensure that designated persons do not have access to large amounts of cash, which can be more easily diverted to terrorist activity; and
- to ensure that there is a reasonable audit trail to address terrorist finance risks and that the Treasury can monitor compliance with the terms of the licence and identify if any breaches of the relevant legislation has have occurred.

Further details on the Treasury's approach to licensing can be found on our FAQs which can be accessed by clicking on the following link:

<https://www.gov.uk/government/publications/financial-sanctions-faqs>