

Maritime Guidance

Financial sanctions guidance for entities and individuals operating within the maritime shipping sector



HM Treasury
Office of Financial
Sanctions Implementation

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The Maritime Sector

The UK is renowned across the globe for its leadership in the maritime shipping industry. Historically, shipping has been vital to the development of the UK, which continues to move 95% of all its imports and exports by sea.¹ The maritime sector contributes over £14bn to the UK economy each year, supporting an estimated 186,000 jobs.

The UK also operates the largest share of global maritime insurance, with around a third of the total market. This is more than the United States, Japan, Germany and France.

Major international P&I Clubs, who insure around 90% of world merchant

tonnage, operate from management offices in the UK. This includes the International Group of P&I Clubs, the trade association for the industry which is based in London.

This guidance is produced by the Office of Financial Sanctions Implementation (OFSI), part of HM Treasury, the authority for the implementation of financial sanctions in the UK.

It provides financial sanctions guidance for entities and individuals which operate in, or with, the maritime shipping sector, especially those involved in areas that may be subject to UK financial sanctions restrictions, including the handling of goods.

¹ Maritime Annual Report 2017-18
https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/725560/maritime-annual-report-2017-2018.pdf and "The economic contribution of the UK Maritime

Sector- a report for Maritime UK" by CEBR
<https://www.maritimeuk.org/media-centre/publications/state-maritime-nation-report-2019/>.

This should be considered supplementary to, and not a replacement for, [OFSI's general guidance document](#). Further sources of information which may prove helpful are listed at the end of this document.

This guidance does not represent legal advice. If you are unsure about your obligations in a given case, you should consider seeking independent legal advice.

What are financial sanctions?

Financial sanctions help the UK meet its foreign policy and national security aims, as well as protecting the integrity of its financial system. Sanctions are used to respond to a range of threats, from terrorism and nuclear proliferation to internal repression and human rights. Effective implementation and enforcement of sanctions is an essential tool in these endeavours.

Specifically, financial sanctions are generally imposed to:

- **Coerce** a regime, or individuals within a regime, into changing their behaviour (or aspects of it) by increasing the cost on them to such an extent that they decide to cease the offending behaviour
- **Constrain** a target by denying them access to key resources needed to continue their offending behaviour, including the financing of terrorism or nuclear proliferation
- **Signal disapproval**, stigmatising and potentially isolating a regime or individual, or as a way of sending broader political messages nationally or internationally
- **Protect the value of assets** that have been misappropriated from a country until these assets can be repatriated

Sanctions are imposed by the United Nations (UN), European Union (EU), UK and other

jurisdictions such as the US, Canada, Japan and Australia. In addition to UK sanctions, the UK implements UN sanctions, as well as its own autonomous sanctions under the Sanctions and Anti Money Laundering Act. They commonly include arms embargoes, trade sanctions, travel bans and financial sanctions. The Foreign, Commonwealth and Development Office (FCDO) has overall responsibility for the UK's policy on sanctions. OFSI leads on the implementation and enforcement of financial sanctions applicable in the UK. HM Treasury can also currently make counter-terrorism sanctions designations and issue directions under the Counter-Terrorism Act (2008).

Financial sanctions specifically relate to restrictions on funds and economic resources² that are owned, held, controlled or made available to, or for the benefit of, designated persons or entities. This can be either directly or indirectly. A number of vessels and companies appear on the consolidated list of financial sanctions targets. However, a vessel, firm or individual that is owned or controlled directly or indirectly by a designated entity is also captured under financial sanctions regulations. More information on this can be found in Chapter 4 of OFSI's general guidance document. You may wish to consider other non-financial sanctions prohibitions which may apply to sanctioned vessels.

Illicit and suspicious shipping practices

According to [reports](#) from the International Maritime Organisation, and the UN Panel of Experts (UN POE) of the UN Security Council Sanctions Committee on North Korea published in 2019,³ a variety of tactics are deployed to confuse or conceal the identities of vessels, cargo, routes and ports. While the practices detailed in these reports relate to Democratic People's Republic of Korea (DPRK), they are indicative of approaches that could be used by anyone seeking to breach sanctions.

² See definitions in Annex 1.

³ UN Security Council, S/2019/171 <https://www.undocs.org/S/2019/171>, 5 March 2019 and UN Security

Council, S/2019/691 <https://www.undocs.org/S/2019/691>, 30 August 2019

Individuals and entities with exposure to the maritime shipping sector should be aware of the non-exhaustive list of potentially illicit practices below and ensure compliance and due diligence procedures take account of them.

Ship-to-ship transfers

A ship-to-ship (STS) transfer is the transfer of cargo between vessels positioned alongside each other at sea, either in anchor or underway. There are some legitimate uses for STS transfers as they provide flexibility for cargo owners and the method is becoming increasingly popular. However, the very nature of STS transfers means the origin and nature of cargo can be concealed. STS is used to facilitate the illicit transfer of coal, crude oil and petroleum products to evade sanctions.

Automatic Identification Systems (AIS)

AIS is a tracking system installed on vessels which broadcasts its location and details. It also displays the location and details of nearby vessels. AIS is used by maritime authorities across the globe to track and monitor vessel movement, supplementing radar, and is a primary method of collision avoidance for vessels.

There are legitimate reasons for AIS to be turned off or go dark. This could include (but is not limited to) passage through waters at high risk of piracy, or when weather interferes with satellite connectivity. However, AIS is often intentionally disabled by vessels that seek to obfuscate their whereabouts, and is often practised by vessels seeking to conduct illicit trade.

Vessels conducting ship-to-ship transfers will also typically switch off their AIS to evade detection if they are conducting illicit trade, and there have also been recorded attempts to manipulate the data transmitted via AIS.

Cyber activity

Cyberattacks have been used to illegally force the transfer of funds from financial institutions and cryptocurrency exchanges to

circumvent financial sanctions and have also included attacks from cyber focussed military units tasked with generating income for the regime it reports to. Reports of these activities is discussed in the UN POE report 171 from 2019 and specifically explores the connection between cybercrime and maritime through cases such as "Marine Chain". Further information on can be found in paragraphs 28-30 and 109-115 of the UN POE report.

Cryptoassets

Statutory definitions of "funds" and "economic resources" are wide and are explained in Annex I of this document. It should be noted that cryptoassets are covered by these definitions and are therefore caught by UK financial sanctions restrictions. As with cyberactivity above, any transaction undertaken in the maritime sphere with a UK nexus where "funds" or "economic resources" are exchanged, including exchanges using cryptoassets in full or in part, appropriate due diligence should be undertaken.

Financial system abuse

Bank accounts are often established with the primary purpose of engaging in and concealing illicit activities. These can be used as fronts to conduct transactions in violation of sanctions and facilitating illicit shipping practices.

False documentation

A commonly used approach to sanctions circumvention is the falsifying of documentation which should accompany maritime transactions. These include bills of lading, invoices and insurance paperwork, to name a few. By providing falsified documentation, the aim is to seek to obscure the origin of a vessel, its goods, its destination and even the legitimacy of the vessel itself.

Concealment

Those seeking to evade sanctions will often employ tactics that physically conceal illicit cargo onboard a vessel. This is done both during active inspection and as a precautionary measure if unscheduled inspections are carried out by relevant port or maritime authorities.

How does this breach financial sanctions?

The practices described above are not necessarily in themselves breaches of financial sanctions regulations in all cases. However, it is likely that transactions relating to or behaviours underpinning these practices, are.

For example, turning off AIS or carrying out ship-to-ship transfers does not mean that in every instance a breach of financial sanctions has occurred. It does, however, raise suspicion that the ship(s) might be carrying out illicit activity and breaching sanctions regulations – particularly where this includes use of a designated port.

Specific regions may present a high risk with respect to financial sanctions compliance. Due diligence should be carried out as part of a risk-based approach. When dealing with such regions, or when passing through or near waters where non-compliant actors are known to operate, enhanced due diligence should be considered. In addition, under the UN ISIL (Da'esh) and Al-Qaida regime and other thematic regimes that are not country specific, individuals and groups across the world are designated.

High-profile sanctions regimes include those in place for the DPRK, Iran, Libya and Syria which are described below. Please refer to OFSI's website

<https://www.gov.uk/government/collections/financial-sanctions-regime-specific-consolidated-lists-and-releases> for a list of all current sanctions regimes.

You should refer to the relevant sanctions regulations in order to determine what restrictions apply in relation to any given regime. Most financial sanctions regulations include an obligation that funds and economic resources which are owned, held or controlled by designated entities or individuals must be frozen. Additionally, most financial sanctions regulations state that making funds and economic resources available to, or for the benefit of, these entities or individuals, directly or indirectly, is prohibited in the absence of a licence. If you are looking to deal with an entity or individual designated under financial sanctions, you will need to approach OFSI with information about your proposed dealings and the relevant grounds for licensing. OFSI will then consider whether a licence can be issued.

Democratic People's Republic of Korea (DPRK)

DPRK is subject to significant sanctions measures imposed by the UN and the UK. They are aimed at countering the proliferation of weapons of mass destruction (WMD) and ballistic missiles. These are imposed to prevent persons⁴ from obtaining goods, funds and services which could contribute to DPRK's nuclear, other WMD related and ballistic missile programmes. It aims to restrict the ability of DPRK to continue prohibited programmes, promoting the abandonment by DPRK of banned programmes and the decommissioning of DPRK's prohibited weapons. It also aims to promote peace, security and stability on the Korean peninsula.

Some persons under the DPRK sanctions regime are known to use 'shell' or 'front' companies to disguise the ultimate destination of goods, funds and/or services. You need to ensure you are not engaging in prohibited activity with those who are subject to sanctions, including through these company structures. For further information on ownership and control please refer to

⁴ In this guidance, the term person includes (in addition to an individual and a body of persons corporate or unincorporated) any organisation and any association or combination of persons.

Chapter 4 of [OFSI's general guidance document](#) on GOV.UK.

This sanctions regime is wide ranging and includes sectoral financial sanctions, as well as targeted asset freezes and travel bans, and restrictive measures relating to trade and transport. You must not make funds or economic resources directly or indirectly available to, or for the benefit of, a designated person and you must freeze any funds or economic resources owned, held or controlled by a designated person, whether directly or indirectly.

There are also a number of other restrictions, including restrictions on:

- taking an ownership interest in activities or assets in DPRK or in persons incorporated in DPRK (among others)
- establishing new joint ventures
- the sale or purchase of bonds
- DPRK credit and financial institutions (branches, subsidiaries and representative offices)
- financial relationships
- transfers of funds to/from DPRK
- financial support for trade
- investment and commercial activities
- bank accounts for DPRK diplomats and diplomatic missions
- leasing or, otherwise making available, real property
- vessels (including, among others, insuring or chartering a DPRK flagged vessel, and facilitating or engaging in certain ship-to-ship transfers to or from any DPRK flagged vessel)

The above list is not exhaustive and does not give full details of what the restrictions are in each case. The applicable sanctions regulations for the DPRK should be consulted for a complete picture of the relevant restrictions.

OFSI can authorise some transactions in certain circumstances under specific grounds set out in the relevant regulations for this regime. Please review the latest legislation <https://www.gov.uk/government/collections/fi>

[nancial-sanctions-regime-specific-consolidated-lists-and-releases](#) before contacting OFSI.

Given the complexities and risks involved in DPRK-related activity, OFSI recommends you discuss any proposed activities in DPRK with relevant financial and other institution(s) beforehand. Where you are unsure of your obligations, OFSI also recommends that you seek independent legal advice.

The 2020 report to the Security Council by the UN POE on DPRK can be found here: <https://undocs.org/en/S/2020/151>.

Iran

On 16 January 2016 the International Atomic Energy Agency (IAEA) verified that Iran had implemented the nuclear-related measures under the Joint Comprehensive Plan of Action (JCPOA) and as a result, received extensive sanctions relief. This included the lifting of measures relating to banking, shipping, energy, and some nuclear related designations. In particular, the relief included the removal of blanket prohibitions upon financial transfers to, and from, Iran (including the requirements for prior notification and authorisation). Consequently, the requirement to seek prior authorisation for, or notify HM Treasury of, transfers of funds sent to or received from Iran, is therefore no longer applicable. Payments to a designated person remain unlawful in the absence of a licence from OFSI.

However, while the JCPOA led to the EU lifting the majority of sanctions in relation to Iran, several Iranian individuals and entities remain designated by the UK and UN, for example for proliferation, human rights and terrorism concerns. In addition to freezing assets of these individuals, there remain in place UK and UN restrictions on trade in several goods, including arms, as well as associated services. Please ensure that you have reviewed the relevant prohibitions still in place on Iran.

There have been persons subject to counter-proliferation measures who have used 'shell' or 'front' companies to disguise the ultimate destination of goods, funds and services. For

further information on ownership and control please refer to Chapter 4 of [OFSI's general guidance](#) on GOV.UK.

The UK remains committed to the JCPoA.

Libya

Libya is currently subject to sanctions put in place by the UN and the UK, originating in UN Resolution 1970 (2011) and as subsequently amended.

The Libya sanctions regime imposes restrictive measures (including asset freezes) on individuals and entities who have been designated by the UN Security Council, the Libya Sanctions Committee or the UK. The current criteria for UN designations include that a person engages in or provides support for acts that threaten the peace, stability or security of Libya, or obstruct or undermine the successful completion of its political transition. Persons may also be designated for violating the provisions of resolution 1970 (2011) and its subsequent amendments, including the arms embargo, or assisting others in doing so.

Asset freezing activity also helps prevent Libyan state funds which are suspected to have been misappropriated during the former regime of Muammar Qadhafi from being used to further threaten the peace, stability or political transition of Libya.

There are several derogations which may be relevant to your business. Please review the [latest legislation](#) before contacting OFSI.

For further information on the financial sanctions imposed on Libya through the Sanctions Act, please refer to the [OFSI Libya regime guidance](#).

The Libya sanctions regime prohibits financial transactions relating to illicitly exported Libyan petroleum aboard vessels designated by the UN. Petroleum includes crude oil and refined petroleum products in this context. The prohibition of financial transactions in this context includes the prohibition of the purchasing or the sale of the petroleum, its use as credit or taking out transport insurance in respect of it.

However, this does not include the acceptance of any port fees for the entry into port of a designated vessel (where the entry to the port is exceptionally permitted because it is necessary for an inspection, in the case of an emergency or where the vessel is returning to Libya).

Syria

The UK's Syria sanctions regime provides for restrictive measures (including asset freezes) to be imposed on those identified as:

- leading businesspeople operating in Syria
- members of Assad or Makhoul families
- Syria Government ministers after May 2011
- members of Syria armed forces of the rank colonel or higher after May 2011
- members of Syria security and intelligence services in post after May 2011
- members of regime-affiliated militias; and persons operating in the chemical weapon proliferation sector

There are several financial restrictions including in relation to:

- making funds or economic resources directly or indirectly available to designated persons
- sale or purchase of certain Syrian public or guaranteed bonds
- establishment of new banking relationships
- provision of certain insurance and re-insurance products
- engagement or investment in the Syrian oil industry sectors of exploration, production or refining; and construction of new power plants for the production of electricity in Syria

There are further restrictions, including on:

- the import and/or export of certain goods from/to Syria (those which might be used for internal repression, jet fuel, luxury goods, key equipment for the oil and gas

industry, and telecommunications monitoring and interception equipment)

- the import, export, or transfer of certain cultural property and precious metals
- the import of arms, and crude oil and petroleum products
- the delivery of Syrian denominated banknotes and coinage to the Central Bank of Syria

The above lists are not exhaustive and do not give full details of what the restrictions are in each case. The relevant regulations should be consulted for a complete picture of the relevant restrictions.

There are specific exemptions which apply to certain activities, which are set out in the relevant regulations. For example, organisations providing humanitarian assistance to the civilian population in Syria are exempt from the prohibitions relating to purchase and transfer of petroleum products (where these are purchased or transported for the sole purposes of providing humanitarian relief in Syria or assistance to the civilian population) if they have received funds from the UK Government. Those who don't receive such public funds will need to apply for a licence. Please visit the Export Control Joint Unit (ECJU)'s [webpage](#) and OFSI's [licensing page](#) for more information.

Ownership and control

If a person or entity is designated, their name will be recorded on OFSI's consolidated list of Financial Sanctions Targets in the UK ([asset freezes](#) and [investment ban targets](#)). An asset freeze and/or some financial services restrictions will apply to entities⁵ or individuals which are owned, held or controlled, directly or indirectly, by a designated person. Those entities or individuals may not be designated in their own right, so their names may not appear on the consolidated list. However, those entities and individuals are similarly subject to financial sanctions.

An entity is owned or controlled directly or indirectly by another person in any of the following circumstances:

- The person holds (directly or indirectly) more than 50% of the shares or voting rights in an entity
- The person has the right (directly or indirectly) to appoint or remove a majority of the board of directors of the entity
- It is reasonable to expect that the person would be able, in most cases or in significant respects, to ensure the affairs of the entity are conducted in accordance with the person's wishes. This could, for example, include appointing, solely by exercising one's voting rights, a majority of the members of the administrative, management or supervisory bodies of an entity, who have held office during the present and previous financial year;
- Controlling alone, pursuant to an agreement with other shareholders in or members of an entity, a majority of shareholders' or members' voting rights in that entity
- Having the right to exercise a dominant influence over an entity, pursuant to an agreement entered into with that entity, or to a provision in its Memorandum or Articles of Association, where the law governing that entity permits its being subject to such agreement or provision
- Having the right to exercise a dominant influence referred to in the point above, without being the holder of that right (including by means of a front company)
- The person having the ability to direct another entity or individual in accordance with the person's wishes. This can be through any means, directly or indirectly. For example, it is possible that a designated person may have control or use of another person's bank accounts or economic resources and may be using them to circumvent financial sanctions

⁵ Meaning a body of persons corporate or unincorporated, or any organisation or association or combination of persons

If any of the above criteria are met, and the person who owns or controls the entity is also a designated person, then financial sanctions will also apply to that entity in its entirety (meaning these assets should also be frozen). The prohibitions on making funds or economic resources available directly or indirectly to a designated person, also prohibit making them available to an entity who is owned or controlled, directly or indirectly, by the designated person. The UK Government will look to designate owned or controlled entities/individuals in their own right where possible.

What does due diligence look like?

Illicit activity could occur across multiple sectors involved in the maritime industry. Maritime insurance companies, charterers, unions, classification societies, petroleum companies and refineries, customs and port state controls, flag registries, and shipping industry associations are all exposed to financial sanctions risk.

The risk is not only confined to these industries, as owing to the nature of the sector and its global reach, operators in this area need to take a risk-based approach as to whether they decide to conduct business.

Each organisation should assess its own risks and put due diligence measures in place to manage these risks. OFSI does not mandate specific measures to be taken. OFSI can provide guidance as to what measures may be helpful (set out below), but the onus is on the organisation to ensure that it has put in place sufficient measures to ensure it does not breach financial sanctions. The following is general guidance regarding due diligence measures which organisations operating in the maritime sector may wish to consider.

First, companies conducting activity in, or around high-risk jurisdictions should seek to have a robust understanding of the sanctions regulations in place, including the relevant obligations. Companies should always seek independent legal advice where necessary and operate a risk-based approach conducting enhanced due diligence to understand: the

full range of activity, the persons involved in supply chains, etc.

Industry may wish to consider any benefits in AIS screening and the inclusion of 'AIS switch off' clauses in contracts. As already mentioned, while AIS switch off does not necessarily confirm illicit shipping practices, it may be one of several indicators for consideration. Due diligence could be enhanced for example, through contacting vessels that have 'gone dark' by switching off their AIS. This is to better understand the cause of disconnection, noting such instances, and reviewing for trends. This could be considered by ship owners, charterers, insurers, flag registries and port state control entities.

Companies may have access to subscription-based resources which allow for checks on ownership structures, vessel flag information, details of home ports and recently visited ports. However, this information is also readily available online and can be accessed freely, which helps companies with limited resources to carry out a variety of checks to provide initial indicators of behaviour. Companies could look to also carry out checks with Companies House as part of their due diligence processes.

Suspected fraudulent letters of credit, bills of lading, loans and other types of financial instruments should always be checked with the relevant institution for validity. Clauses within the letters of credit, loans and other types of financial instruments should also be assessed prior to agreement, as should the validity of insurance documents, bills of lading and cargo lists.

Any person which deals with funds or economic resources owned, held or controlled by a designated person or those operating on a DP's behalf should immediately freeze the assets or funds and alert OFSI. Any person which engages in prohibited activity in relation to transport or trade restrictions should immediately contact the Department for Transport and Department for International Trade respectively.

Ship captains should also be reminded to:

- report any potentially suspicious behaviour to <https://mc.nato.int/nsc/operations/merchant-shipping-reporting/incident-reporting-form>, which may result in NATO interdiction. This is mandatory in certain areas
- use IMO GISIS to find basic vessel data should they have any concerns

Non-EU members must also ensure that they are up to date with the relevant UN Security Council's Panel of Experts POE's reporting requirements.

Enforcement action and penalties

Any person carrying out, or partaking in, business involving maritime shipping, should be aware of the risks posed and the consequences for failure to ensure compliance.

OFSI is responsible for monitoring compliance with financial sanctions applicable in the UK and for assessing suspected breaches of the regulations. OFSI has powers under the Policing and Crime Act 2017 to impose monetary penalties of up to 50% of the value of the breach or up to £1 million, whichever is higher, for breaches of financial sanctions. OFSI can also refer cases to law enforcement agencies for investigation and potential prosecution. Breaches of financial sanctions are considered a serious criminal offence and are punishable by up to 7 years in prison on indictment or up to 6 months for a summary offence in England, Wales or Northern Ireland (12 months for a summary offence in Scotland). For exact penalties, please refer to the relevant legislation.

Financial sanctions are part of a wider sanctions framework targeting malign activity. As such, OFSI works with other parts of government, supervisory bodies and regulators to consider all reported non-compliance, and shares relevant information accordingly in line with the relevant sanctions and data protection legislation.

OFSI's approach to compliance and enforcement is detailed in Chapter 7 of its [general guidance document on GOV.UK](#).

Implementation in the Crown Dependencies and British Overseas Territories

Crown Dependencies

Powers to implement financial sanctions in the Crown Dependencies (CDs) are provided through local legislation. OFSI does not fulfil the financial sanctions competent authority function for the CDs.

You may find the following links helpful when considering financial sanctions implementation matters relating to the CDs:

[Jersey](#)

[Guernsey](#)

[Isle of Man](#)

British Overseas Territories

Powers to implement financial sanctions in the British Overseas Territories (OTs) are generally provided by UK Orders in Council. However, Bermuda and Gibraltar are not generally covered by Overseas Territories sanctions Orders. Provision for implementation of sanctions measures (which apply to the UK) in Bermuda and Gibraltar is made through local legislation.

Although, since the creation of OFSI, HM Treasury has developed closer financial sanctions implementation relationships with the OTs, OFSI does not fulfil the competent authority function for the OTs. Instead, the Governor (or Chief Minister in Gibraltar) of a British Overseas Territory generally has the following powers:

- powers to grant, vary or revoke licences, subject to the UK Foreign Secretary's consent
- power to authorise persons to exercise various enforcement and evidence gathering powers
- power to delegate his or her functions
- power to designate in certain circumstances for counter-terrorism purposes

For queries relating to financial sanctions in a British Overseas Territory you may wish to contact the Governor's Office, Commissioner

or Chief Minister's office in the relevant jurisdiction in the first instance:

[Anguilla](#)

[Bermuda](#)

[British Antarctic Territory](#)

[British Indian Ocean Territory](#)

[Cayman Islands](#)

[Falkland Islands](#)

[Gibraltar](#)

[Montserrat](#)

[Pitcairn, Henderson, Ducie and Oeno Islands](#)

[St Helena, Ascension and Tristan da Cunha](#)

[South Georgia and the South Sandwich Islands](#)

[The Sovereign Base Areas of Akrotiri and Dhekelia in the Island of Cyprus](#)

[Turks and Caicos Islands](#)

[British Virgin Islands](#)

working days for all other amendments. Where the UK's Linking Regulations⁶ have to be updated, OFSI will add new listings to the consolidated list as soon as the update comes into effect.

FCDO Sanctions Act guidance

The Sanctions Act provides a consolidated and autonomous framework for all UK sanctions. Secondary legislation under the Sanctions Act, in the form of Statutory Instruments (SIs), has been made for individual sanctions regimes. The FCDO has published statutory guidance and [further information is available on its GOV.UK pages](#).

OFSI consolidated list

OFSI's [consolidated list](#) includes all designated persons subject to financial sanctions under UK legislation (including designations originally made at UN level). OFSI publishes the consolidated list to help businesses and individuals comply with financial sanctions.

OFSI aims to update the consolidated list within 1 working day for all new UN listings coming into force in the UK, and within 3

⁶ This refers to the United Nations and European Union Financial Sanctions (Linking) Regulations 2017. The purpose of these

Regulations is to allow the UK to swiftly implement UN sanctions requirements.

Annex I

Funds generally means financial assets and benefits of every kind, including but not limited to:

- cash, cheques, claims on money, drafts, money orders and other payment instruments
- deposits with financial institutions or other entities, balances on accounts, debts and debt obligations
- publicly and privately traded securities and debt instruments, including stocks and shares, certificates representing securities, bonds, notes, warrants, debentures and derivatives contracts
- interest, dividends or other income on or value accruing from or generated by assets
- credit, right of set-off, guarantees, performance bonds or other financial commitments
- letters of credit, bills of lading, bills of sale
- documents showing evidence of an interest in funds or financial resources
- any other instrument of export financing

Economic resources generally mean assets of every kind – tangible or intangible, movable or immovable – which are not funds but may be used to obtain funds, goods or services. This includes but is not limited to:

- precious metals or stones
- antiques
- vehicles
- property

Dealing with **funds** generally means moving, transferring, altering, using, accessing, or otherwise dealing with them in any way which would result in any change to their volume, amount, location, ownership, possession, character, destination or other change that would enable the funds to be used, including portfolio management.

Dealing with **economic resources** generally means using the economic resources to obtain funds, goods, or services in any way, including, but not limited to, by selling, hiring or mortgaging them. The everyday use by a designated person of their own economic resources for personal consumption is not prohibited.

If **funds** or **economic resources** are made available (directly or indirectly) to or for the benefit of a designated person and they obtain, or can obtain, a 'significant financial benefit', or for use in exchange for funds, goods or services, this may constitute a criminal offence.

In this case, 'financial benefit' includes the discharge, in whole or in part, of a financial obligation for which the designated person is wholly or partly responsible.

Goods generally means items, materials and equipment.

Annex II

Financial sanctions cross various jurisdictions and the responsibilities of other UK Government departments. You may find the following links useful:

Department for International Trade:

<https://www.gov.uk/government/organisations/export-control-organisation>

Department for Transport:

For more information on transport sanctions contact the Department for Transport on transportsanctions@dft.gov.uk

Foreign and Commonwealth Office:

<https://www.gov.uk/government/collections/uk-sanctions-regimes-under-the-sanctions-act>

Wider reading

EU Best Practices for the effective implementation of restrictive measures

<http://data.consilium.europa.eu/doc/document/ST-10254-2015-INIT/en/pdf>

US, Office of Foreign Assets Control (OFAC) Guidance:

<https://www.treasury.gov/resource-center/sanctions/Pages/default.aspx>