

**FOURTH REPORT ON THE OPERATION OF
THE TERRORIST ASSET-FREEZING ETC. ACT 2010**

(REVIEW PERIOD: YEAR TO 16 SEPTEMBER 2014)

by
DAVID ANDERSON Q.C.

Independent Reviewer of Terrorism Legislation

March 2015

Presented to Parliament
pursuant to
Section 31 of the
Terrorist Asset-Freezing etc. Act 2010

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1. INTRODUCTION

TAFA 2010

- 1.1. Part 1 of the Terrorist Asset-Freezing etc. Act 2010 **[TAFAs 2010]** implements the obligations of the United Kingdom under UN Security Council Resolution **[UNSCR]** 1373. It gives the Treasury power to freeze the assets of individuals and groups thought to be involved in terrorism, whether in the UK or abroad, and to deprive them of access to financial resources. The power operates independently of the criminal justice system: it can be used whether or not a designated individual has been charged with or convicted of a criminal offence. Those in custody or abroad may, depending on their circumstances, barely be affected at all. When applied to persons at liberty in the United Kingdom, however, designation has the potential to be highly intrusive and restrictive of everyday life.

Independent review

- 1.2. Exceptional powers require exceptional safeguards. The principal safeguard available to individuals against unlawful use of the asset-freezing power is the right of designated persons to appeal to the High Court. A further safeguard, of a more general nature, is the provision made by TAFAs 2010 section 31 for the independent review of the operation of the Act. Independent review has been a feature of UK anti-terrorism legislation since the 1970s. TAFAs 2010 section 31 mirrors the requirements for independent review of the Terrorism Acts 2000 and 2006 **[TA 2000, TA 2006]**¹ and of the Terrorism Prevention and Investigation Measures Act 2011 **[TPIMA 2011]**.²
- 1.3. I have served as Independent Reviewer of TAFAs 2010 (as well as for the Terrorism Acts and of the control order/TPIM regimes) since February 2011. The uniqueness of the Independent Reviewer's post derives from a combination of two factors:
 - (a) complete independence;³ and
 - (b) unrestricted access, based on a very high level of security clearance, to relevant documents and to personnel within Government, the police and the intelligence agencies.

The authority of the Independent Reviewer derives also from listening to the widest possible range of those affected by the laws against terrorism, including those against whom they have been applied. The role is more fully described on my

¹ TA 2006, section 36.

² TPIMA 2011, section 20.

³ I disclosed a number of asset-freezing cases in which I was formerly instructed by designated persons in my First Report on the operation of TAFAs 2010 (December 2011) at 1.6.

website, from which all my reports can be freely downloaded.⁴ It has very recently been given more flexibility, and more resources, by Act of Parliament.⁵

Past reports

First Report (Dec 2010 – Sep 2011)

- 1.4. My first report on TFAA 2010 [**First Report**], covering the initial nine months of the operation of the Act,⁶ was submitted to the Treasury and laid before Parliament in December 2011. The First Report extends to 76 pages, not including its six Annexes, and seeks to provide a comprehensive and accessible introduction both to TFAA 2010, which I sought to locate in its broader international and legal context, and to the first nine months of its operation. It culminated in nine specific recommendations, concerning consideration of the grounds for designation; the formalisation of review procedures; increased transparency; dialogue with the financial sector; and improved guidance for designated persons.
- 1.5. The Government responded promptly and constructively to the recommendations in my First Report.⁷

Second Report (Sep 2011 – Sep 2012)

- 1.6. My second report on the operation of TFAA 2010 [**Second Report**] was conceived as a supplement to the first, reflecting both the limited activity under the Act during the 2011/12 reporting period and the fact that (as a result of my 5th and 6th recommendations of 2011), fuller information on the application of TFAA 2010 was being made available in the quarterly ministerial statements on the operation of the UK's Counter-Terrorist Asset-Freezing regime.⁸
- 1.7. The Second Report nonetheless contained a full account of the making and review of designations during the year to 16 September 2012, licensing, operation of the prohibitions and legal proceedings. It occupied 26 pages (not including annexes) and made one further recommendation, which was accepted by the Government in its response.⁹

Third Report (Sep 2012 – Sep 2013)

⁴ www.terrorism-legislation-reviewer.independent.gov.uk. See also the Government's website <https://www.gov.uk/government/publications/> for asset-freezing reports and responses.

⁵ Counter-Terrorism and Security Act 2015, sections 44-46, providing for the creation of a new Privacy and Civil Liberties Board to work under the direction and control of the Independent Reviewer.

⁶ 17 December 2010 to 16 September 2011: TFAA 2010 section 31.

⁷ Cm 8287, February 2012.

⁸ Annexes 2-5 to this report.

⁹ Cm 8553, February 2013.

- 1.8. My report on the year to September 2013 [**Third Report**] was also in the nature of a supplement. Another quiet year was summarized in 30 pages and two further recommendations were made, aimed at ensuring that designation under TAFA 2010 was considered in all cases where it could be beneficial, and in conjunction with other financial and non-financial measures against terrorism. Those recommendations were welcomed by the Government in its response.¹⁰

The scope of this report

- 1.9. This report does not supersede the First Report, but rather updates it in the light of developments over the period covered by this review: the year to 16 September 2014. It contains no equivalents to the First Report's chapter 2 (financial measures against terrorism), chapter 3 (genesis of the Act) or chapter 4 (contents of the Act), to which the interested reader is referred for essential background. In addition, much of what is said about the operation of the Act takes as its starting point the material set out at chapters 5-9 of the First Report.

Resources and methodology

- 1.10. The Treasury has made its files freely available to me, and provided me with a place to read them. I have been shown everything that I asked to see for the purposes of this review, including legal advice given to the Government and highly classified intelligence relating to those designated under the Act. Officials and lawyers within Government have discussed ideas at my invitation and checked a draft of this report for accuracy, without of course seeking to alter the opinions expressed.
- 1.11. I have discussed the operation of the Act with Lord Deighton, the Commercial Secretary to the Treasury who has been the principal decision-maker under the Act since his appointment in January 2013, with the Director of Public Prosecutions and with officials from the Treasury, the Office of Security and Counter-Terrorism [**OSCT**] in the Home Office, the National Terrorist Financing Investigation Unit [**NTFIU**] and other departments and agencies. I have also spoken with NGOs, academics, solicitors and barristers who act for designated persons and special advocates who have participated in asset-freezing cases. I have read the witness statements in which designated persons have described their circumstances, though I have not as in some previous years spoken directly to designated persons themselves.
- 1.12. Although I have carefully read the files on a substantial number of designated groups and persons, including each of those in respect of whom a decision was taken to designate for the first time, my function is not to comment or to pronounce

¹⁰ Cm 8812, February 2014.

on individual cases. A judicial procedure exists for that purpose. The reason I have looked at individual files is to see whether they indicate systemic problems with, or possible improvements to, the operation of the Act.

2. PERSONS DESIGNATED

2.1. Designated persons are placed by TAFE 2010 into two categories:

- those designated by the Treasury (section 1(a)); and
- those included on the EU list under Regulation 2580/2001 (section 1(b)).¹¹

The prohibitions and other provisions of the Act apply both to those designated by the Treasury and to those on the EU list. The Act thus gives effect not only to the UK's international obligations to implement UNSCR 1373, but to its obligation under EU law to give effect to the EU's own implementing measures.

Persons on the EU list

2.2. The processes by which the EU list is put together fall outside the scope of this report. Nonetheless, because those appearing on the EU list are subject to the other provisions of the Act, it is relevant to know who they are.

2.3. A copy of the current EU list, as it stood at the end of the review period, is at Annex 1 to this Report.

2.4. The list is contained in an Annex to a separate Council instrument,¹² freely accessible via www.europa.eu and the Government's own website (www.gov.uk). It contains the names of each group and individual designated by the EU, together with other information which may include date of birth, passport number and the group(s) of which the individual is said to be a member.

2.5. A shorter version of the list, containing only the names of the groups and individuals designated, is now given at the Annex to each of the quarterly reports provided for by TAFE 2010 section 30 (Annexes 2-5 to this Report).

2.6. The EU list, as it stood at the end of the review period, comprised 10 individuals and 25 groups/entities. It does not, of course, purport to be a complete list of terrorists with assets frozen in the EU. In particular, it does not include:

- (a) persons designated under the UN Al-Qaida and Taliban asset-freezing regime, established under UNSCR 1267 and implemented by Council Regulation 881/2002 and the Al-Qaida (Asset-Freezing) Regulations 2011 (SI 2011/2742).

¹¹ Regulation 2580/2001 constituted the EU's own implementation of UNSCR 1373, as explained in the First Report at 3.7–3.13.

¹² At the end of the review period, this was Council Implementing Regulation (EU) No. 790/2014 of 22 July 2014.

- (b) persons without links or relations to a non-EU country, who for that reason are currently ineligible for EU listing; or
- (c) Persons listed nationally (e.g. under TAFE 2010 in the United Kingdom) whom the Member State concerned has decided not to refer for EU listing.¹³
- 2.7. Of the 11 individuals that were on the EU list in September 2013, one (Sofiane Yacine Fahas, an Algerian said to have been a member of al-Takfir and al-Hijra) was delisted during the period under review. There were no new EU listings of individuals.
- 2.8. Of the 26 groups and entities that were on the EU list in September 2013, one (Stichting al Aqsa, also known as Al Aqsa Nederland) was delisted during the period under review. Some others (e.g. the Abu Nidal Organisation, whose recorded attacks were between 1974 and 1994)¹⁴ have long since faded from the public eye. There were no new EU listings of groups and entities.
- 2.9. EU listing is conditional upon a decision having been taken by a national competent authority.¹⁵ For nine of the 10 individuals and six of the 25 groups/entities on the EU list at the end of the period under review, their listing rested on UK designation under TAFE 2010.¹⁶
- 2.10. Since 2009 the Commission of the EU has been able to propose a new, wide-ranging sanctions regime under Article 75 of the Treaty on the Functioning of the European Union, a power introduced by the Lisbon Treaty for that purpose. Such a regime would enable the assets of those considered terrorists to be frozen at EU level, even in the absence of non-EU links. Such a regime could be welcomed in particular by Member States which currently have no terrorist asset-freezing powers of their own, for which it would offer a route to full compliance with UNSCR 1373 and FATF Recommendation 6.
- 2.11. If and when such a regime is proposed, there would likely be consequences for existing domestic regimes such as TAFE 2010. A new European Commission took office in November 2014: as yet there is no indication whether an EU proposal under Article 75 will be brought forward.

¹³ For example, because the designated person is not thought to have assets or potential assets elsewhere, or because the designating state is unwilling or unable to share its intelligence on that person.

¹⁴ <http://www.state.gov/documents/organization/45323.pdf>.

¹⁵ As explained in the First Report, 3.12.

¹⁶ This information is helpfully given in the Treasury's quarterly reports (Annexes 2–5 to this report).

Persons designated by the Treasury

Evolution of the list

- 2.12. As I noted in the First Report, the number of Treasury designations under TAFA 2010 and its predecessors declined steeply, from 162 at the start of 2008 to 38 by September 2011. The major cause of this decline was the implementation of a policy whereby persons who were already subject to UN or EU asset freezes were no longer subject to duplicate Treasury designations, save where this was necessary to support an EU asset freeze.
- 2.13. Over the next two years, the list of Treasury designations barely changed. Total numbers were 40 in September 2012 and 39 in September 2013, of which eight were entities and the rest individuals.
- 2.14. By September 2014, the number of Treasury designations had reduced still further, to 33. There was however a significant increase in turnover: eight new individuals were designated in the period under review, 12 individual designations were allowed to lapse and two were revoked. For the third year in succession, there were no changes to the list of eight Treasury-designated entities.
- 2.15. As recommended in the First Report, the identities of those designated at any given time (with the exception of “restricted” or anonymised designations) can be seen from the Annex to the Treasury’s quarterly reports (Annexes 2–5 to this Report).

Expiries and revocations

- 2.16. The designations of 12 serving prisoners were allowed to expire during the period under review, on the basis that the necessity test was no longer satisfied. Four of those prisoners were members of the 21/7 plot to attack London in 2005,¹⁷ and the remaining eight were members of the airline liquid bomb plot of 2006.¹⁸ All remain in prison. I have previously underlined what may (depending on circumstances) be the difficulties in establishing that the designation of serving prisoners remains necessary.¹⁹ Increasing contacts between the Treasury and

¹⁷ Ramzi Mohammed, Yassin Omar, Hussein Osman, Mukhtar Mohammed Said.

¹⁸ Abdulla Ahmed Ali, Tanvir Hussain, Umar Islam, Waheed Arafat Khan, Osman Adam Khatib, Assad Sarwar, Ibrahim Savant and Waheed Zaman.

¹⁹ First Report, 6.24-6.25, 7.27 and 10.12(c). As I said then of the designated UK prisoners: “Overwhelmingly, they were convicted in high-profile cases and designated at about the time of arrest, initially so as to guard against the risk of money being transferred to other plotters who might still have been at large. However justifiable those initial reasons may have been, the necessity for continued designation of these men in the very different circumstances of their imprisonment is not always clear. The tendency to designate principally those involved in the most notorious plots also invites consideration of whether designation has been correlated to risk of terrorist financing or rather by a desire to throw the book at high-profile suspects and offenders.”

the National Offender Management Service [**NOMS**] have been useful in enabling the efficacy of financial controls on long-term high-security prisoners to be assessed.

- 2.17. Two further designations were revoked. The first was of Zahoor Iqbal, who was designated in 2007 and convicted in 2008 of helping to supply terrorists in Afghanistan. He left prison in 2011 and completed his period under probationary licence in May 2013. His designation was revoked in December 2013, in advance of what would have been its expiry in February 2014. The subject of the second cannot be named because his designation was restricted.²⁰ I observed last year a pattern of revocations following the bringing of appeals:²¹ neither Zahoor Iqbal nor the other designated person had, however, lodged an appeal against designation.

New designations

- 2.18. Three of the new persons designated had restricted designations at some point during their designation (3.6-3.11, below). One was Aseel Muthana who was under 18 at the time of designation; the other two (one of whom was delisted during the period under review) still cannot be named. The remaining five new designations – all on the basis of alleged links to terrorism in Syria and Iraq – were of Moazzem Begg, Nur Idiris Hassan Nur, Nasser Muthana, Ruhul Amin and Reyaad Khan. Muthana, Amin and Khan came to public attention in June 2014 when they appeared in a recruitment video for the terrorist group ISIS. Moazzem Begg was delisted on 14 October 2014 (after the expiry of the period under review), when charges against him in relation to the alleged facilitation of terrorism in Syria were dropped by the Crown Prosecution Service [**CPS**].
- 2.19. None of the new Treasury designations were used as the basis for a further designation at EU level.

Breakdown of designated individuals

- 2.20. Of the 25 Treasury-listed individuals at the end of the period under review:
- (a) 24 were male, aged between 17 and 47, one was female.
 - (b) 11 were UK nationals (some with dual nationality).

²⁰ See 3.6-3.11, below.

²¹ Third Report, 6.3. I noted that each of the four individuals who had brought appeals over the previous two years had been de-designated; and that only one unappealed designation had been revoked over the same period.

- (c) Four had been convicted in the UK of terrorist offences, all of them during the peak period of al-Qaida related terrorism in the middle of the last decade.²²
- (d) Four were in custody in the UK; 18 were overseas; and three were at liberty in the UK.
- (e) None was alleged to have been involved with Northern Ireland-related or far-right extremist terrorism.
- (f) Nine were listed also by the EU, on the basis of their UK designations. The other 16 had no EU listing.
- (g) Four were first listed in 2001, eight were first listed between 2004 and 2009, and 13 were first listed between 2011 and 2014.

Breakdown of designated entities

2.21. The eight designated entities have each been on the list since 2001. Four of the entities are concerned with Lebanon or Palestine, three are South American and one Basque. The designation of six Northern Ireland entities (including the Real IRA and Continuity IRA) was allowed to lapse in 2010. My comments in the First Report (5.25-5.27) continue to apply.

Quantity of assets frozen

2.22. The number of accounts and approximate amount of assets frozen under the TAFE regime are given in the Treasury's quarterly reports to Parliament. The most recent figures, taken from Annex 5 to this Report, are as follows:

	Treasury list	EU list	Total
Assets frozen (as at 30/09/14)	£50,000	£11,000	£61,000
Number of accounts frozen in UK	49	10	59
Number of designations	33	35	68

²² Nabeel Hussain was involved in the airline liquid bomb plot that was intercepted in August 2006; Parviz Khan pleaded guilty to involvement in the 2007 Birmingham plot to kidnap and execute a British Muslim soldier; Bilal Talal Abdullah drove a jeep packed with explosive material into Glasgow International Airport in 2007; and Sultan Muhammad was convicted in 2008 of terrorism-related offences.

2.23. It should be noted that there is some overlap between the EU and Treasury lists. Thus, as may be seen from comparing Annex A and B to the Treasury's latest quarterly report (Annex 5 to this report):

(a) Of the 11 individuals on the EU list, nine featured also on the Treasury list.

(b) Of the 26 groups on the EU list, six featured also on the Treasury list.

The number of unique individuals and entities designated on the Treasury list and EU list combined is thus 53 rather than 68.

2.24. The figures for assets frozen are remarkably low.²³ However, the absence of funds or economic resources in the UK does not necessarily mean that TAFE 2010 is ineffective in relation to a particular designated person. The Act not only freezes funds owned, held or controlled by a designated person, but prohibits the making of funds, financial services or economic resources available to or for the benefit of a designated person.²⁴

²³ As in previous years: the total figure for assets frozen was recorded as £100,000 at 30 September 2011, £44,000 at 30 September 2012 and £102,000 at 30 September 2013 (First Report 5.28, Second Report 2.18, Third Report 2.18).

²⁴ TAFE 2010 sections 11-15; First Report, 4.8 – 4.10.

3. THE MAKING AND REVIEW OF DESIGNATIONS

3.1. The procedures for new designations and the annual review of designations, including by the Asset Freezing Review Group whose formation I recommended in the First Report,²⁵ are described in chapter 3 of the Third Report. Save in one respect (3.6-3.11, below), those procedures remained essentially unchanged during the period under review. A revised timetable for AFRG was introduced and there has been progress in addressing the problems of inadequate preparation to which I referred in the Third Report (3.18). There can still be difficulties in obtaining enough information in historic overseas cases.

3.2. Having reviewed each of the new designations and a selection of the files considered by way of annual review, I conclude that both on designation and on review:

- (a) The submissions put up to Ministers were thorough, considered and based on careful analysis of the legal position.
- (b) Decisions were reached after consideration, as appropriate, of evidence from the police, the prison service and other agencies.
- (c) Ministers were properly and frankly advised on the application of the reasonable belief test and the necessity for public protection test in TAFSA 2010 section 2(1).
- (d) Ministers were prepared to find where appropriate that the necessity test was no longer satisfied, as in the case of the 12 prisoners who were delisted during the period under review.
- (e) Proportionality was considered, for example where designation was likely to have an impact on third parties, or when it was likely to be followed by de-banking (as to which, see 4.14-4.18, below).

Results indicate that the system of annual ministerial review has been effective in focusing minds on whether the statutory tests are still met, and in clearing out dead wood. This confirms me in the belief, which I have repeatedly expressed, that a similar system would be desirable in the analogous context of proscription under the Terrorism Act 2000.²⁶

3.3. The only possible improvement that I could suggest to current processes is prompted by the reflection that when decisions to designate are tested on appeal,

²⁵ First Report, 10.19 and 11.2.

²⁶ *The Terrorism Acts in 2011*, June 2012, chapter 4; *The Terrorism Acts in 2013*, July 2014, chapter 5.

there has been a persistent tendency to de-designate rather than to defend the decision in court.²⁷

- 3.4. It is right that the Treasury should be alert to the possibility that the statutory tests are not met in a particular case, and to revoke a designation if they are not. It is also the case that the correctness of a designation (or of its continuation) will sometimes be cast into doubt by new evidence, not foreseeable at the time of the initial designation.
- 3.5. The chances of arriving at designations that can be successfully defended on appeal will however be maximised by the most detailed possible review at the AFRG of the supporting materials. In cases where designation was requested by the police, this tends already to happen. Where requests are made by intelligence agencies, however, it may sometimes be appropriate for significant or pertinent source material to be produced to the AFRG so that the robustness of agency assessments can be demonstrated by reference to the underlying intelligence. In addition, and without seeking to fetter the discretion of the person chairing the AFRG, there could be benefit in a “*devil’s advocate*” approach: one member of the AFRG being given the task of putting the contrary viewpoint, by identifying possible weaknesses in the case put forward. I have already observed this good practice in operation where some other executive orders are under consideration, and believe that it could be of value also in the asset-freezing context, as a counter to the ever-present threat of groupthink. I return to these issues in chapter 6, below.

Restricted designations

- 3.6. The Act requires that steps be taken to publicise designations “*generally*”, unless the designated person is believed to be under 18, or it is considered that disclosure should be restricted in the interests of national security, for reasons connected with the prevention or detection of serious crime or in the interests of justice.²⁸ The Act differs in this respect from the Orders in force prior to 2009, when the Treasury had a discretion “*as they consider[ed] appropriate*” either to publicise the designation generally or to “*inform only certain persons*” of it.²⁹
- 3.7. Disclosing the identity of designated persons is consistent with the logic of the asset-freezing scheme, which prohibits not only dealing on the part of the designated person but also (with knowledge or reasonable suspicion) the making of funds, financial services or economic resources available to or for the benefit of

²⁷ The first four appeals under the Act ended in de-designation on the initiative of the Treasury (Third Report, 6.3). The fourth, that of MF, is currently being litigated.

²⁸ TAFE 2010, sections 3 and 7.

²⁹ Terrorism (United Nations Measures) Order 2006, para 5(1). The latter course was taken from time to time, though in a small minority of cases overall.

a designated person.³⁰ If a third party is not aware that a person has been designated, it will be difficult to enforce that prohibition against him. Accordingly, over the first three years of the operation of TAFE 2010, no “restricted” (i.e. anonymised) designations were made. The first such designation was made in July 2014, on the basis that the designated person was under 18. After he turned 18, he was identified as Aseel Muthana.

- 3.8. As the Act itself acknowledges, there may be interests other than the youth of the designated person in restricting a designation. That may be the case, for example, when a designated person faces trial on a terrorism-funding offence, if it is considered that a jury could be prejudiced by the public knowledge that the defendant they are trying has been designated under TAFE 2010.
- 3.9. During the period under review, two persons designated by the Treasury under TAFE 2010 brought a challenge by way of judicial review, not to their designation but the fact that it was publicised. That fact was said to have prejudiced their ability to receive a fair trial. The High Court held that the decision to publicise generally, without giving them the opportunity of making representations and without giving the trial judge or the judge in charge of the criminal proceedings the opportunity of considering the matter, was flawed. It accordingly directed that their names be removed from the published list of those designated. However their designations remained in force, and the High Court indicated that the names could remain on a list of designated persons distributed to financial institutions.³¹
- 3.10. As a consequence of that ruling, express consideration is now given in the case of all prospective designations to the question of whether one of the statutory conditions for a restricted designation is met,³² and if so who should be informed. In the cases of AB and BB, it was concluded by the Treasury after the High Court judgment that the names of the designated persons should be notified only to the principal banks and money service businesses, and to others with which it was thought that they may have dealings.
- 3.11. EU designations are invariably publicised generally: see Annex 1 to this report. The problem of how a restricted Treasury designation under TAFE 2010 could be used as a basis for further designation at EU level has not yet arisen in practice.

³⁰ TAFE 2010, sections 11-18; see summary in First Report, 4.8 - 4.10.

³¹ *AB and BB v HM Treasury* [2014] EWHC (Admin), 30 June 2014, Mitting J.

³² TAFE 2010 section 3(3): see 3.6 above.

Is appropriate use being made of TAFE 2010?

- 3.12. Proposals for designation may come from the police, intelligence services or Government departments. In some cases, the original initiative may (as in the case of the five Iranians designated in October 2011) come from a foreign government.
- 3.13. Nobody wishes to see executive measures of this kind proliferate, whether in the form of TPIMs³³ or designations under TAFE 2010, without very good reason. Asset-freezes, particularly when imposed on persons at liberty in the UK, are highly disruptive of everyday life; yet the process of judicial challenge, though designed to be as fair as possible, may in some cases be cumbersome, slow and imperfect.³⁴ Criminal prosecution is the best option, where available; and prosecutors have recently enjoyed a good record of obtaining convictions in terrorism cases. There are other ways of bearing down on terrorist financing, including civil seizure, powers under the Proceeds of Crime Act 2002 and action by the Charity Commission.³⁵
- 3.14. One may also doubt the ability of instruments such as TAFE 2010 to have more than a marginal effect on the funding of terrorism. Given the widespread view that international terrorism is funded by kidnap for ransom, donations from wealthy Arab sympathisers and (in the case of ISIL) the sale of oil and the plundering of banks, it is easy to be cynical about the significance of UK asset freezing in the greater scheme of things. Such defeatism is further encouraged by the fact that as recent incidents have demonstrated, terrorism can be perpetrated on our streets at minimal cost, for example by the use as a weapon of a motor vehicle or even a kitchen knife.
- 3.15. All states are however subject to an international obligation to freeze the funds, financial assets and economic resources of terrorists and associated entities;³⁶ and nobody suggests that the criminal process is sufficiently agile or flexible to combat the threat on its own. The United Kingdom has been criticised for its slowness to designate foreign financiers of terrorism that have already been listed

³³ Under the Terrorism Prevention and Investigation Measures Act 2011, on whose operation I have reported in March 2013, March 2014 and March 2015.

³⁴ The designated person may, for reasons of national security, not be shown the entirety of the evidence against him. In such a case his special advocate, who does see that evidence, cannot take instructions from him. It should also be noted that the court need not be satisfied on the balance of probabilities that a designated person was involved in terrorism, but only that the Treasury's belief to that effect was a reasonable one.

³⁵ Some legal powers are listed in the First Report, 2.4. Late in 2014 the Charity Commission launched an investigation into 86 British charities which it believed "*could be at risk from extremism*", including 37 working in Syria: <http://www.telegraph.co.uk/news/worldnews/islamic-state/11203569/Charity-Commission-British-charities-investigated-for-terror-links.html>.

³⁶ UN Security Council Resolution 1373 (2001), para 1: see First Report, 3.5.

by other countries.³⁷ As such criticism implies, asset-freezing by the United Kingdom Government has a part to play, even if it is a relatively small one. It thus remains pertinent to ask (as I did last year) whether sufficient and appropriate use is being made of the powers contained in TAFE 2010.

2010-2013: sparing use of the power

- 3.16. In the first three review periods (December 2010 to September 2013), no new entities and only six new individuals were designated under TAFE 2010 by the Treasury. Of those individuals, five were Iranians designated at the request of the US Government in October 2011,³⁸ and the sixth was a Syrian national called Mohammed Khaled, designated in May 2013.³⁹
- 3.17. I reflected in the Third Report (at 2.21-2.29) on some of the possible reasons for the sparing use of TAFE 2010, including the comparatively high statutory hurdles for designation, the procedures for review and legal challenge and the existence of other means, often less cumbersome, of deterring, tracing and disrupting the financing of terrorism.
- 3.18. I also questioned whether designation was being considered in all the cases in which it could be of value, and made two recommendations aimed at ensuring that in future it would be.⁴⁰ These were:
- (a) **Recommendation 11:** “High-level consideration should be given to the practical role that TAFE 2010 may realistically be expected to play in the fight against terrorism, on its own or in conjunction with other financial or non-financial measures.”
- (b) **Recommendation 12:** “Mechanisms should be put in place to ensure that designation under TAFE 2010 is considered in all cases where it could be beneficial. In particular, and subject to the conclusions under Recommendation 11, the possibility of designation should be routinely considered in cases where TPIMs and proscription are being contemplated, when suspected terrorists are arrested or charged and in cases where deportations, deprivations of citizenship or passport removal are contemplated on national security grounds.”

³⁷ <http://www.telegraph.co.uk/news/uknews/terrorism-in-the-uk/1188273/Cash-for-terror-Kuwaitis-banned-after-criticism-of-British-inaction.html>

³⁸ Second Report, 2.14 - 2.15.

³⁹ Third Report, 2.15.

⁴⁰ Third Report, 6.8.

2013-2014: a changing picture?

- 3.19. In its response to Recommendations 11 and 12 the Treasury suggested that the necessary discussions and processes were already in place,⁴¹ though it did acknowledge a continuing need to “*work closely with partner agencies to raise the awareness of asset-freezing, its effects and requirements for designation...*”⁴²
- 3.20. There has been high-level discussion of the role of asset freezing, much of it in a Syrian context (for example in a Terrorist Finance Action Group and Terrorist Finance Board, and in an ISIL task force). The Commercial Secretary has written to operational partners on the best use of asset freezing. Efforts have also been made by the Treasury to advertise the availability of the asset-freezing power to the police and the intelligence agencies, for example via bi-monthly presentations to the NTFIU, which has itself been active in promoting action against terrorist financing, a visit to the North West Counter-Terrorism Unit, and continuing bilateral discussions. I was told that consideration is routinely given to asset-freezing at the Proscription Working Group, which meets to consider use of the proscription power under the Terrorism Act 2000.
- 3.21. I encountered different views within Government as to how effective such measures had been in ensuring that the use of TFA 2010 is always considered when it might be appropriate. For as long as responsibility for terrorist asset-freezing remains with the Treasury rather than the Home Office (which controls the majority of counter-terrorism powers), extra effort will need to be made to publicise the existence and potential utility of the power. I look forward therefore to seeing continuing efforts to comply with my Recommendations 11 and 12.
- 3.22. What cannot be denied is that more use of the power was made than at any time in the recent past. Eight new designations in the year to September 2014 exceeded the total for the previous three review periods. Reflecting the changed threat assessment since September 2013, the new designations had a strong Syrian/Iraqi flavour. In addition to the new designations, the Treasury was approached with three further designation requests during the period under review, which were not pursued for operational reasons.
- 3.23. There is a case for more extensive use of TFA 2010. In particular:

⁴¹ Cm 8812, February 2014, 1.1 – 1.2: “Senior level inter-departmental discussions continue to take place on the best use of HMG’s terrorist asset freezing powers ... Law enforcement and security agencies already have processes in place to consider the various options to disrupt terrorist-related activity.”

⁴² *Ibid.*, 1.2.

- (a) Over 600 extremists are among the many Britons who have travelled out to Syria and Iraq. A significant proportion have joined ISIL and other extremist groups. They are reckoned to be more numerous than the Britons who fought in previous or current theatres of jihad such as Bosnia, Afghanistan and Somalia.
- (b) In addition to the potential of such persons to commit terrorist acts abroad, there is some evidence that a minority of returning fighters may have been involved or wish to be involved in terrorist activity at home. This growing risk caused the threat level to the UK from international terrorism to be raised in August 2014 to “severe”, meaning that an attack is highly likely.
- (c) Travel to and from such conflict zones, together with the preparation of terrorist acts, often requires funding and facilitation.
- (d) The small number of designations indicates that asset-freezing law has played only a marginal role in combating the most serious terrorist threat of the present time.

3.24. I do not however criticise the Treasury for the limited use that has continued to be made of the asset-freezing power. In particular:

- (a) Prosecution is a preferable option to executive action; and prosecutions arising out of activities in Syria and Iraq have been taking place.
- (b) The Treasury’s task is not to be proactive (save in ensuring that its powers are well understood) but to react to requests from the police and agencies: as noted above, the majority of such requests resulted in action being taken.
- (c) The eight new designations during the period under review is a high number by historical standards.
- (d) The efficacy of designation (and thus its ability to satisfy the necessity test) is not always evident in the case of fighters or would-be fighters who have few resources of their own and are fed and equipped by a wealthy organisation such as IS.

3.25. In a report published in May 2014, Parliament’s Home Affairs Select Committee **[HASC]** commented that responsibility for countering terrorist financing be transferred from the Treasury to OSCT, “*where it will be considered a higher priority*”.⁴³ The Government responded, in February 2015:

⁴³ HASC, *Counter-terrorism*, 17th report of 2013-14, HC 231, May 2014, para 129 and Recommendation 15.

“Following discussions between the Home Office and HM Treasury earlier this year, the responsibility for terrorist finance policy and strategy has now transferred to the Office for Security and Counter-Terrorism in the Home Office, with HM Treasury remaining a key delivery partner.”

Whilst responsibility for strategy and policy has been transferred, responsibility for the operation of the Act has not.

- 3.26. It remains important that consideration continues to be given by all concerned to the greater use of TFA 2010 as a way of disrupting persons who cannot be prosecuted but in respect of whom financial restrictions are necessary in order to protect the public from terrorism. A collaborative effort is called for between (in particular) police and intelligence agencies, the CPS, Treasury and OSCT. I applaud recent efforts to improve cross-Government focus on the prosecution and prevention of terrorist financing, and hope to see further progress on this in the year ahead.

4. OPERATION OF THE PROHIBITIONS

The prohibitions

- 4.1. Designation prohibits not only dealing with funds or economic resources owned, held or controlled by a designated person but also the making of funds, financial services and economic resources available to or for the benefit of a designated person. The prohibitions, imposed by TAFA 2010 sections 11-15, are summarised in the First Report at 4.8.

Licences

- 4.2. It is provided by TAFA 2010 section 17 that the prohibitions in sections 11-15 do not apply to anything done under the authority of a licence granted by the Treasury. The objectives and functioning of the licensing system, as it continues to operate, were set out in chapter 7 of the First Report.

General licences

- 4.3. The five general licences described at 7.6-7.9 of the First Report continue to permit certain payments and transfers relating to insurance, legal expenses and funds for use in prison. Those general licences were not substantively amended during the period under review.

Specific licences

- 4.4. The individual licensing system was described at 7.10-7.17 of the First Report. The quarterly reports at Annexes 2-5 to this Report give figures for the year to 30 September 2014. In relation to the precise period under review, I have been told that 30 specific licences under TAFA 2010 were issued, four were amended, two were refused (both of which I have reviewed) and 25 were revoked or expired.
- 4.5. The great majority of the licensing activity over the period related to the few designated persons who were at liberty in the UK. To review the bulging files of licensing correspondence in those cases is to gain some understanding of the anxieties and frustrations which designated persons can undergo. One such person has in legal proceedings during 2014 (yet to be adjudicated upon) described licensing requirements as “*convoluted*”; “*constantly having to deal with minutiae of household expenditure*” was said to have made him feel “*hopeless*” and as if “*there is no point in going on*”. These feelings coincide closely with those which were described to me by a formerly designated person and referenced in a previous report.⁴⁴

⁴⁴ First Report, 7.18-7.26.

- 4.6. I noted in the Third Report (at 4.6-4.7) that in early 2013, delegated authority was given by Ministers to allow senior Treasury officials to make certain categories of licensing decisions (e.g. regarding access to state benefits, training and one-off low risk activity) in circumstances where no significant change in the designated person's circumstances would occur from the granting of a licence and where contentious issues are not likely to be raised. The criteria for the use of delegated authority have not changed. However whilst in 2012/13 the majority of licensing decisions were still taken by Ministers, the reverse was the case in 2013/14.

Licensing review

- 4.7. I reported last year on the outcome of the Terrorist Asset Freezing Licensing Policy Review, launched in August 2012.⁴⁵
- 4.8. Updated licence policy and process guidance were introduced during the period under review. A new Licensing Risk Assessment Framework template was also introduced, with case studies, and is in general use across the various regimes.
- 4.9. In early 2014, a further licensing process review was carried out, in order to identify good practice and inconsistencies across the various sanctions regimes (including country sanctions as well as terrorist asset-freezing). A number of minor changes were initiated as a result, concerning e.g. the consistency of process and of record-keeping.

FAQs

- 4.10. Recommendation 9 in the First Report was that a list should be provided of FAQs, highlighting what is prohibited but also explaining, in simple non-legal language, the sort of transactions that designated persons are free to enter into. That recommendation was strongly supported by solicitors for designated persons, as I recorded in the Second Report.⁴⁶ When the State places such far-reaching restrictions on the economic activity of an individual, it is incumbent upon it to explain as precisely as possible the scope of those restrictions, principally for the benefit of the designated person but also to assist prosecutions in case of breach.
- 4.11. In August 2013, the Treasury produced a 57-page document entitled "*Financial sanctions: frequently asked questions (FAQs)*". The document aims to help all concerned (including banks and insurance companies as well as designated persons) understand both the country sanctions and the terrorist sanctions regimes. Its complex subject-matter is dealt with both clearly and practically, for which I commend the Treasury.

⁴⁵ Third Report, 4.9-4.13.

⁴⁶ Second Report, 4.8.

- 4.12. Part 5 of the document explains the principles of an asset freeze, and Part 16 of the document (Annex B) contains specific guidance for designated persons under the terrorism and al-Qaida regimes. It deals sensibly and in plain English with questions of relevance to a designated person, such as “*Can someone give my spouse/partner money?*”, “*Can I accept a gift?*”, “*Can I be paid interest on my bank account/savings?*” and “*Can I borrow an Oyster card from a friend?*”
- 4.13. The FAQs have been useful to designated persons and their representatives. They have been useful also to the Treasury, since many enquiries can be answered by directing the questioner to the document. The FAQs are due to be updated shortly.

Relations with banks

- 4.14. I have referred previously to the difficulties caused by the phenomenon of “*de-risking*” or “*de-banking*”.⁴⁷ The problem is not limited to the operation of TAFE 2010, but has arisen also in relation e.g. to inward investors and politically exposed persons. It was manifested in July 2014 by HSBC’s withdrawal of banking facilities from a variety of Islamic organisations for whom providing services was said to be outside the bank’s “*risk appetite*”.⁴⁸
- 4.15. In short, and in the asset-freezing context:
- (a) Whilst they are not allowed to close a frozen account, financial institutions do not wish to deal with persons or organisations believed to be associated with terrorism, citing reputational and regulatory risk. The imposition of some huge penalties for money-laundering and the facilitation of sanctions breaches, particularly in the US, gives a degree of substance to such concerns.
 - (b) When a designation expires or is revoked, it is normal for banking services to be withdrawn – notwithstanding the provision by the Treasury of a letter such as I have recommended,⁴⁹ explaining the position – and for great difficulty to be experienced by the designated person in finding another banker.
 - (c) The Treasury is not prepared to involve itself in negotiating standard procedures for banks which may have at most a handful of account holders in this situation.

⁴⁷ First Report, 7.26 and 11.8; Second Report, 5.1-5.8; Third Report, 4.14.

⁴⁸ <http://www.bbc.co.uk/news/business-28553921>.

⁴⁹ Second Report, 5.9-5.10 and Recommendation 7; Third Report, 4.15. Such letters continue to be provided, and were provided during the period under review e.g. to the advocacy organisation CAGE, which had not been designated but whose banking facilities were withdrawn after the arrest and designation of its former trustee, Moazzem Begg. The Treasury met with CAGE in October 2014 (as I myself had done previously) to explore options.

(d) Nor have more radical solutions – for example, the imposition of a universal service obligation on the banks, a power to require banking services to be provided in a particular case,⁵⁰ or a role for the Bank of England as banker of last resort – been adopted.

4.16. The Treasury has taken various steps to address the impact of de-risking behaviour. A senior policy adviser (whom I have met) has been appointed to carry out a six-month project to look at underlying causes, policy implications and high-level options for Government intervention. The Treasury has held meetings with the British Bankers' Association [**BBA**], banks, the Association of Foreign Banks, other Government departments, the Financial Conduct Authority [**FCA**], the Disasters Emergency Committee [**DEC**], charities and the RUSI research fellow Tom Keatinge, who is active and knowledgeable in this field. It has also led international engagement to get agreement from the Financial Action Task Force [**FATF**] for de-risking to feature in its updated best practice paper for combating the abuse of non-profit organisations. The DEC has drafted standards for its members with the aim of informing and giving confidence to banks about their due diligence controls, and the National Council of Voluntary Organisations [**NCVO**] has agreed to take those standards and see how they can be adapted and shared as good practice across the rest of the sector. I wrote during the period under review to Sir Richard Lambert, Chair of the Banking Standards Review, to explore the possible role of the new Banking Standards Review Council.

4.17. It remains to be seen how productive any of this will prove in practice. Any solution will require responsibility to be accepted by a variety of operators.⁵¹ Banks (individually and collectively) need to acknowledge duties to their customers, and to the principle of financial inclusion. NGOs need to operate to the governance and due diligence standards expected of them, and to develop relationships of trust with their bankers. Government must accept its responsibility to help solve problems to which its own designation of individuals and groups has contributed, and in co-ordinating a solution should not be afraid to contemplate (if necessary) even radical measures such as those at 4.15(d), above.

4.18. My own ability to influence the debate is limited, but I shall keep the situation under review.

Impact on overseas aid

4.19. Both in the Third Report⁵² and in my report of July 2014 into the operation of the Terrorism Acts, I drew attention to the constraints placed by the counter-terrorism

⁵⁰ As exists in France.

⁵¹ As recommended by Tom Keatinge of RUSI in his report "Uncharitable Behaviour", published by Demos in December 2014.

⁵² Third Report, 4.19-4.22; *The Terrorism Acts in 2013*, July 2014, 9.25-9.33.

laws of various western countries, including the asset-freezing provisions of EU and UK law, on the activities of NGOs and others who seek to provide aid (including humanitarian aid and capacity-building) to territories which are under the *de facto* control of designated or proscribed groups, or in which such groups are active on the ground.

4.20. As I made clear in July, it is not within the capacity of my office to find or to broker a UK-specific solution. I did however issue the following recommendation:

“I recommend that a dialogue be initiated between international NGOs and policy makers, including in the Home Office and Treasury, with a view to exploring how the objectives of anti-terrorism law can be met without unnecessarily prejudicing the ability of NGOs to deliver humanitarian aid, capacity-building and peace-building in parts of the world where designated and proscribed groups are active.”⁵³

I have continued my contacts both with charities and with Government departments in order to ensure that the recommended dialogue takes place. I also gave evidence on the subject (and on the subject of “*de-risking*”) to the Draft Protection of Charities Bill Joint Committee on 2 December 2014.⁵⁴

4.21. In accordance with my recommendation, a dialogue is currently in progress between the Treasury, Home Office, Charity Commission, Department for International Development and various charities about delivering aid in high-risk regions in a way that is consistent with terrorist financing laws.

4.22. As I made clear in July, it is not within the capacity of my office to find or to broker a UK-specific solution. I did however make the following recommendation:

4.23. Other common law jurisdictions have addressed this issue in a variety of ways. Thus:

(a) Australian law has a statutory exemption for the offence of association with proscribed organisations where “*the association is only for the purpose of providing aid of a humanitarian nature*”.⁵⁵

(b) New Zealand law states that there is a reasonable excuse for making property available “*where the property (for example, items of food, clothing, or*

⁵³ *The Terrorism Acts in 2013*, July 2014, 9.32-9.33.

⁵⁴ <https://terrorismlegislationreviewer.independent.gov.uk/draft-protection-of-charities-bill-joint-committee-2014/>. The Joint Committee reported recently: HL Paper 108 HC 813, February 2015.

⁵⁵ Australian Criminal Code Act 1995, section 102.8; see further the report of the Joint Committee on the Draft Protection of Charities Bill, HL Paper 108 HC 813, February 2015, p. 53 Box 2.

*medicine) is made available in an act that does no more than satisfy essential human needs of (or a dependant of) an individual designated under this Act”.*⁵⁶

- (c) The US Office of Foreign Assets Control **[OFAC]** issued, in October 2014, guidance aimed at providing a degree of reassurance to NGOs and banks. US persons are reminded “*to exercise caution not to provide financial, material, technological, or other services to or in support of [a] designated entity*”. The guidance however goes on to state that:

“In circumstances involving a dangerous and highly unstable environment combined with urgent humanitarian need, OFAC recognizes that some humanitarian assistance may unwittingly end up in the hands of members of a designated group. Such incidental benefits are not a focus for OFAC sanctions enforcement.”

It also encourages NGOs to “*reach out to OFAC directly*” when confronted with a situation in which, “*in order to provide urgently needed humanitarian assistance, the [NGO] learns that it must provide funds or material support directly or indirectly to a [designated] group that is necessary and incidental to the provision of such humanitarian assistance*”.⁵⁷ I have discussed this guidance with the Director of Public Prosecutions as well as with the Treasury.

- 4.24. I do not underestimate the difficulty of this issue, or the real dangers associated with aid diversion to terrorist organizations. But it is to be hoped that these precedents will be considered as possible solutions to what I believe is a genuine problem.

- 4.25. I echo the conclusions of the Draft Protection of Charities Bill Joint Committee when it noted that there is “*a real risk of a ‘chilling effect’ on UK NGOs’ activities overseas at a time when their efforts are possibly more critical than ever before*”, and called on the Government, in February 2015, to:

- (a) commit to an early resolution of this problem;
- (b) consider adopting statutory provisions similar to those already in place in Australia and New Zealand; and/or
- (c) consider asking the Director of Public Prosecutions to publish guidance for charities, setting out the approach she would take to prosecution under

⁵⁶ Terrorism Suppression Act 2002, section 10(3), also referred to in the report of the Joint Committee on the Draft Protection of Charities Bill, HL Paper 108 HC 813, February w2015, -. 53 Box 2.

⁵⁷ http://www.treasury.gov/resource-center/sanctions/OFAC-Enforcement/Documents/ngo_humanitarian.pdf.

counter-terrorism legislation and on the application of the public interest test.⁵⁸ is to be hoped that the issue of assurances along the lines of the OFAC guidance will be considered as part of the solution. I shall continue to monitor progress on this as on the linked issue of “*de-risking*”, referred to above.

⁵⁸ Report of the Joint Committee on the Draft Protection of Charities Bill, HL Paper 108 HC 813, February 2015, paras 185-192 and Conclusions and Recommendations, paras 41-47. I made some of the same points in oral evidence to the Committee on 2 December 2014, QQ 180-196.

5. LEGAL PROCEEDINGS

Prosecutions for breach

- 5.1. The possible responses to breaches of prohibitions imposed under TAFE 2010 are outlined at 8.7-8.9 of the First Report.
- 5.2. For the fourth year in succession, as recorded in the Treasury's quarterly reports, there were no prosecutions during the reporting period of designated persons or of third parties for breaching prohibitions imposed under the Act. However, a caution was issued in the quarter to June 2014, and breaches or possible breaches were investigated during the period under review.
- 5.3. As I noted last year, it is important that the Treasury gives itself every chance of establishing prosecution as a credible sanction for breach of requirements under TAFE 2010, whether by designated persons or by others. To this end, I understand that:
 - (a) The Treasury and NTFIU have met with the CPS to discuss prosecution for breach of terrorist asset freezes.
 - (b) A CPS lawyer has been assigned to the case of each designated person at liberty in the UK.
 - (c) The CPS has proposed that a protocol be agreed, as currently exists with TPIM cases, to identify best practice guidance in relation to the respective roles and responsibilities of the CPS, police and affected Government departments, and to ensure effective decision-making processes.

Experience with prosecutions for breach of control orders and TPIMs has been distinctly mixed: juries, which are not privy to the national security case against the defendant, tend to be sceptical about the seriousness of alleged breaches which may appear minor in nature. But where there is sufficient evidence and prosecution is in the public interest, it is important that it be pursued. I welcome the steps that have been taken in this regard.

Appeals

- 5.4. The appeal brought by **Zana Rahim** against his 2011 designation under TAFE 2010 was settled during the period under review. He had previously been de-designated.
- 5.5. **MF** appealed the decision to renew his designation a year later under TAFE 2010 section 26. A closed hearing took place in January 2015, and will be followed by

a final hearing at the end of April. This will be the first appeal under TAFE 2010 to have gone all the way to judgment.⁵⁹

Other cases

- 5.6. Two civil claims for damages arising out of designation were ongoing at the end of the period under review. The claim brought by **Gulam Mustafa** against the Treasury and other government departments, which gave rise in December 2012 to a significant ruling on a preliminary issue,⁶⁰ is stayed behind the case of **Belhaj**. The other claim was brought by **Zana Rahim**, who was designated between 2009 and 2013. There were no rulings in either of these cases during the period under review.
- 5.7. Finally, as noted above, judgment was given by the Administrative Court in the case of **R (AB and BB) v HM Treasury**. It was held that the Treasury erred in law by failing to restrict (i.e. not publicise) the designation of two individuals who were facing trial on terrorism financing charges. There was a risk that the jury would be prejudiced by the knowledge that the defendants had been designated.

⁵⁹ As I remarked last year: “Each of the four individuals who have brought appeals over the past two years has been de-designated, in each case as a result of a Treasury decision rather than a court judgment”: Third Report, 6.3.

⁶⁰ Third Report, 5.7-5.8.

6. SUMMARY AND RECOMMENDATION

Summary

- 6.1. TAFAs 2010 continues to be lightly used. Both the limited number of appeals and the burden of the licensing activity suggest that its principal constraining effect is on the small number of designated persons (three, at the end of the period under review) who are at liberty in the United Kingdom. For those persons, however, the effect of the regime can be oppressive and disheartening.⁶¹
- 6.2. Eight new designations during the period under review (more than the combined number of new designations over the previous three years) demonstrate an attempt to use asset-freezing legislation to respond to the threat posed by the UK residents linked to terrorism who travel to and from Syria and Iraq. The fact that the designations of 12 long-term prisoners were allowed to expire during the period under review shows that the annual review of all designations continues to be an effective mechanism.
- 6.3. The Treasury continues to administer its designations with reasonable efficiency, and has given effect or is in the process of giving effect to the overwhelming majority of my 12 previous recommendations. Further improvements to the operation of the asset-freezing regime are under way. I continue to stress to the Treasury the importance of publicising the availability of TAFAs 2010 as an option to be considered when dealing with those believed to be terrorists. I continue to take no position, however, on the issue of whether the terrorist asset-freezing power should be transferred from the Treasury to the Home Office, as responsibility for terrorist finance policy has been (3.25, above).
- 6.4. Two seemingly intractable issues, bank “*de-risking*” and the problems experienced by aid-giving organisations, were identified in previous reports as priorities for action and are currently the subject of intense engagement whose outcome I look forward to observing.
- 6.5. A more general review of UK policy and practice in relation to the financing of terrorism might be considered desirable. As noted at 1.3 above, a recent statutory change to the functions of the Independent Reviewer might in the future allow this task to be performed with the aid of the (yet to be appointed) Privacy and Civil Liberties Board.

Recommendation

- 6.6. Some previous recommendations are echoed or amplified at 3.21, 3.26, 4.17, 4.24 and 4.25, above.
- 6.7. My only new recommendation this year is aimed at ensuring the highest possible quality of consideration at AFRG meetings and so increasing the probability that decisions will

⁶¹ See, to similar effect, *Mastafa v HM Treasury* [2012] EWHC 3578 (Admin), per Collins J at [8].

be reached that prove fully defensible in legal proceedings. The background to it is set out at 3.5, above. I express the recommendation in qualified terms, because of sensitivities concerning secret intelligence and because the chair of any meeting must have a discretion to conduct it as seems best in the circumstances. It is as follows:

Recommendation 13

The Chair of AFRG meetings at which new potential designations are discussed should consider adopting a “devil’s advocate” approach, whereby one member of the AFRG is asked to put the case against designation, thus assisting the group in identifying any possible weaknesses in the case put forward. Sufficient material should be provided (including, where appropriate, primary intelligence underlying agency assessments) for this exercise to be performed in a meaningful way.

ANNEX 1

A list of those designated at the end of the period under review under the TAFE 2010 Section 1(b) – taken from Council Implementing Regulation (EU) No. 790/2014 of 22 July 2014, implementing Article 2(3) of Regulation (EC) No. 2580/2001

A. Persons

1. ABDOLLAHI Hamed (a.k.a. Mustafa Abdullahi), born August 11, 1960 in Iran. Passport: D9004878.
2. AL-NASSER, Abdelkarim Hussein Mohamed, born in Al Ihsa (Saudi Arabia), citizen of Saudi Arabia
3. AL YACOUB, Ibrahim Salih Mohammed, born 16.10.1966 in Tarut (Saudi Arabia), citizen of Saudi Arabia
4. ARBABSAR Manssor (a.k.a. Mansour Arbabsar), born March 6 or 15, 1955 in Iran. Iranian and US national. Passport: C2002515 (Iran); Passport: 477845448 (USA). National ID no.: 07442833, expiry date 15 March 2016 (USA driving licence).
5. BOUYERI, Mohammed (a.k.a. Abu ZUBAIR, a.k.a. SOBIAR, a.k.a. Abu ZOUBAIR), born 8.3.1978 in Amsterdam (The Netherlands) – member of the "Hofstadgroep"
6. IZZ-AL-DIN, Hasan (a.k.a. GARBAYA, Ahmed, a.k.a. SA-ID, a.k.a. SALWWAN, Samir), Lebanon, born 1963 in Lebanon, citizen of Lebanon
7. MOHAMMED, Khalid Shaikh (a.k.a. ALI, Salem, a.k.a. BIN KHALID, Fahd Bin Adballah, a.k.a. HENIN, Ashraf Refaat Nabith, a.k.a. WADOOD, Khalid Abdul), born 14.4.1965 or 1.3.1964 in Pakistan, passport No 488555
8. SHAHLAI Abdul Reza (a.k.a. Abdol Reza Shala'i, a.k.a. Abd-al Reza Shalai, a.k.a. Abdorreza Shahlai, a.k.a. Abdolreza Shahla'i, a.k.a. Abdul-Reza Shahlaee, a.k.a. Hajj Yusef, a.k.a. Haji Yusif, a.k.a. Hajji Yasir, a.k.a. Hajji Yusif, a.k.a. Yusuf Abu-al-Karkh), born circa 1957 in Iran. Addresses: (1) Kermanshah, Iran, (2) Mehran Military Base, Ilam Province, Iran. EN L 343/12 Official Journal of the European Union 23.12.2011
9. SHAKURI Ali Gholam, born circa 1965 in Tehran, Iran
10. SOLEIMANI Qasem (a.k.a. Ghasem Soleymani, a.k.a. Qasmi Sulayman, a.k.a. Qasem Soleymani, a.k.a. Qasem Solaimani, a.k.a. Qasem Salimani, a.k.a. Qasem Solemani, a.k.a. Qasem Sulaimani, a.k.a. Qasem Sulemani), born March 11, 1957 in Iran. Iranian national. Passport: 008827 (Iran Diplomatic), issued 1999. Title: Major General.

B. Group and Entities

1. "Abu Nidal Organisation" – "ANO" (a.k.a. "Fatah Revolutionary Council", a.k.a. "Arab Revolutionary Brigades", a.k.a. "Black September", a.k.a. "Revolutionary Organisation of Socialist Muslims")
2. "Al-Aqsa Martyrs' Brigade"
3. "Al-Aqsa e.V."
4. "Al-Takfir" and "Al-Hijra"
5. "Babbar Khalsa"
6. "Communist Party of the Philippines", including "New People's Army" – "NPA", Philippines
7. "Gama'a al-Islamiyya" (a.k.a. "Al-Gama'a al-Islamiyya") ("Islamic Group" – "IG")
8. "İslami Büyük Doğu Akıncılar Cephesi" – "IBDA-C" ("Great Islamic Eastern Warriors Front")
9. "Hamam", including "Hamam-Izz al-Din al-Qassem"
10. "Hizballah Military Wing" (a.k.a. [other spellings and] "Jihad Council" (and all units reporting to it including the External Security Organisation)
11. "Hizbul Mujahideen" – "HM"
12. "Hofstadgroep"
13. "Holy Land Foundation for Relief and Development"
14. "International Sikh Youth Federation" – "ISYF"
15. "Khalistan Zindabad Force" – "KZF"
16. "Kurdistan Workers' Party" – "PKK", (a.k.a. "KADEK", a.k.a. "KONGRA-GEL")
17. "Liberation Tigers of Tamil Eelam" – "LTTE"
18. "Ejército de Liberación Nacional" ("National Liberation Army")
19. "Palestinian Islamic Jihad" – "PIJ"
20. "Popular Front for the Liberation of Palestine" – "PFLP"
21. "Popular Front for the Liberation of Palestine – General Command" (a.k.a. "PFLP – GeneralCommand")
22. "Fuerzas armadas revolucionarias de Colombia" – "FARC" ("Revolutionary Armed Forces of Colombia")

23. "Devrimci Halk Kurtuluş Partisi-Cephesi" – "DHKP/C" (a.k.a. "Devrimci Sol" ("Revolutionary Left"), a.k.a. "Dev Sol") ("Revolutionary People's Liberation Army/Front/Party")
24. "Sendero Luminoso" – "SL" ("Shining Path")
25. "Teyrbazen Azadiya Kurdistan" – "TAK" (a.k.a. "Kurdistan Freedom Falcons", a.k.a. "Kurdistan Freedom Hawks").

Written Ministerial Statement

Operation of the UK's Counter-Terrorist Asset Freezing Regime: 1 October 2013 to 31 December 2013

The Commercial Secretary to the Treasury (Lord Deighton): Under the Terrorist Asset-Freezing etc. Act 2010 ("TAFAs 2010"), the Treasury is required to report to Parliament, quarterly, on its operation of the UK's asset freezing regime mandated by UN Security Council Resolution 1373.

This is the twelfth report under the Act and it covers the period from 1 October 2013 to 31 December 2013. This report also covers the UK implementation of the UN Al-Qaida asset freezing regime and the operation of the EU asset freezing regime in the UK under EU Regulation (EC) 2580/2001 which implements UNSCR 1373 against external terrorist threats to the EU. Under the UN Al-Qaida asset freezing regime, the UN has responsibility for designations and the Treasury has responsibility for licensing and compliance with the regime in the UK under the Al-Qaida (Asset-Freezing) Regulations 2011. Under EU Regulation 2580/2001, the EU has responsibility for designations and the Treasury has responsibility for licensing and compliance with the regime in the UK under Part 1 of TAFAs 2010.

Annexes A and B to this statement provide a breakdown, by name, of all those designated by the UK and the EU in pursuance of UN Security Council Resolution 1373.

The following table sets out the key asset-freezing activity in the UK during the quarter ending 31 December 2013:

	TAFAs 2010	EU Reg(EC) 2580/2001	Al-Qaida regime UNSCR 1989
Assets frozen (as at 31/12/2013)	£82,000	£11,000 ⁶²	£58,000 ⁶³
Number of accounts frozen in UK (at 31/12/2013)	54	10	26
New accounts frozen (during Q4 2013)	0	0	0
Accounts unfrozen (during Q4 2013)	7	0	3
Number of designations (at 31/12/2013)	38	37 ⁶⁴	284

⁶² This does not duplicate funds frozen under TAFAs.

⁶³ This figure reflects the most up-to-date account balances available and includes approximately \$64,000 of funds frozen in the UK. This has been converted using exchange rates as of 31/12/2013.

⁶⁴ This figure is based on ex-designations where the UK freeze forms the prior competent authority decision for the EU freeze.

(i) New designations (during Q4 2013)	0	0	4
(ii) Delistings (during Q4 2013)	1	0	4
(iii) Individuals in custody in UK (at 31/12/2013)	15	0	0
(iv) Individuals in UK, not in custody (at 31/12/2013)	3	0	3
(v) Individuals overseas (at 31/12/2013)	12	11	220
(vi) Groups	8 (0 in UK)	26 (1 in UK)	62 (0 in UK)
Individuals by Nationality	13	n/a	n/a
(i) UK Nationals ⁶⁵			
(ii) Non UK Nationals	17		
Renewal of designation (during Q4 2013)	11	n/a	n/a
General Licences			
(i) Issued in Q4		(i) 0	
(ii) Amended		(ii) 0	
(iii) Revoked		(iii) 0	
Specific Licences:			
(i) Issued in Q4	4	0	1
(ii) Amended	2	0	0
(iii) Revoked/Expireded	0	0	0

Legal Proceedings

An appeal against designation made under the Terrorism (United Nations Measures) Order 2009 and TAFE 2010 was ongoing in the quarter covered by this report, brought by Zana Abdul RAHIM. Two civil claims relating to designations are also on-going, one brought by Gulam MASTAFA against the Treasury and other government departments, and another brought by an individual, known as "M", against the Treasury. The challenge under s63(2) of the Counter-Terrorism Act 2008 brought by Mohammed AL GHABRA against the Treasury and joined to be heard with his claim for Judicial Review against the Foreign and Commonwealth Office, was withdrawn by the Claimant. In the quarter to 31 December 2013, no criminal proceedings were initiated in respect of breaches of asset freezes made under TAFE 2010 or under the Al-Qaida (Asset-Freezing) Regulations 2011.

HM Treasury

20 January 2014

⁶⁵ Based on information held by the Treasury, some of these individuals hold dual nationality.

Annex A: Designated persons under TFA 2010 by name⁶⁶

INDIVIDUALS

1. Hamed ABDOLLAHI
2. Bilal Talal ABDULLAH
3. Imad Khalil AL-ALAMI
4. Abdula Ahmed ALI
5. Abdelkarim Hussein AL-NASSER
6. Ibrahim Salih AL-YACOUB
7. Manssor ARBABSIAR
8. Usama HAMDAN
9. Nabeel HUSSAIN
10. Tanvir HUSSAIN
11. Umar ISLAM
12. Hasan IZZ-AL-DIN
13. Mohammed KHALED
14. Parviz KHAN
15. Waheed Arafat KHAN
16. Osman Adam KHATIB
17. Musa Abu MARZOUK
18. Khalid MISHAAL
19. Khalid Shaikh MOHAMMED
20. Ramzi MOHAMMED
21. Sultan MUHAMMAD
22. Yassin OMAR
23. Hussein OSMAN
24. Muktar Mohammed SAID
25. Assad SARWAR
26. Ibrahim SAVANT
27. Abdul Reza SHAHLAI
28. Ali Gholam SHAKURI
29. Qasem SOLEIMANI
30. Waheed ZAMAN

ENTITIES

1. BASQUE FATHERLAND AND LIBERTY (ETA)
2. EJERCITO DE LIBERACION NACIONAL (ELN)
3. FUERZAS ARMADAS REVOLUCIONARIAS DE COLOMBIA (FARC)
4. HIZBALLAH MILITARY WING, INCLUDING EXTERNAL SECURITY ORGANISATION
5. HOLY LAND FOUNDATION FOR RELIEF AND DEVELOPMENT
6. POPULAR FRONT FOR THE LIBERATION OF PALESTINE - GENERAL COMMAND (PFLP-GC)
7. POPULAR FRONT FOR THE LIBERATION OF PALESTINE (PFLP)
8. SENDERO LUMINOSO (SL)

⁶⁶ For full listing details please refer to <https://www.gov.uk/government/publications/current-list-of-designated-persons-terrorism-and-terrorist-financing>

Annex B: Persons designated by the EU under Council Regulation (EC)2580/2001⁶⁷

PERSONS

1. Hamed ABDOLLAHI*
2. Abdelkarim Hussein AL-NASSER*
3. Ibrahim Salih AL YACOUB*
4. Manssor ARBABSIAR*
5. Mohammed BOUYERI
6. Sofiane Yacine FAHAS
7. Hasan IZZ-AL-DIN*
8. Khalid Shaikh MOHAMMED*
9. Abdul Reza SHAHLAI*
10. Ali Gholam SHAKURI*
11. Qasem SOLEIMANI*

GROUPS AND ENTITIES

1. Abu Nidal Organisation (ANO)
2. Al-Aqsa e.V.
3. Al-Aqsa Martyrs' Brigade
4. Al-Takfir and Al-Hijra
5. Babbar Khalsa
6. Communist Party of the Philippines, including New People's Army (NPA), Philippines
7. Devrimci Halk Kurtulu Partisi-Cephesi — DHKP/C (Revolutionary People's Liberation Army/Front/Party)
8. Ejército de Liberación Nacional (National Liberation Army)*
9. Fuerzas armadas revolucionarias de Colombia (FARC)*
10. Gama'a al-Islamiyya (a.k.a. Al-Gama'a al-Islamiyya) (Islamic Group — IG)
11. Hamas, including Hamas-Izz al-Din al-Qassem
12. Hizballah Military Wing, including external security organisation
13. Hizbul Mujahideen (HM)
14. Hofstadgroep
15. Holy Land Foundation for Relief and Development*
16. International Sikh Youth Federation (ISYF)
17. İslami Büyük Doğu Akıncılar Cephesi (IBDA-C) (Great Islamic Eastern Warriors Front)
18. Khalistan Zindabad Force (KZF)
19. Kurdistan Workers Party (PKK) (a.k.a. KONGRA-GEL)
20. Liberation Tigers of Tamil Eelam (LTTE)
21. Palestinian Islamic Jihad (PIJ)
22. Popular Front for the Liberation of Palestine — General Command (PFLP-GC)*
23. Popular Front for the Liberation of Palestine (PFLP)*
24. Sendero Luminoso (SL) (Shining Path)*
25. Stichting Al Aqsa
26. Teyrbazen Azadiya Kurdistan (TAK)

⁶⁷ For full listing details please refer to www.gov.uk

* EU listing rests on UK designation under TAFA 2010

Written Ministerial Statement

Operation of the UK's Counter-Terrorist Asset Freezing Regime: 1 January 2014 to 31 March 2014

The Commercial Secretary to the Treasury (Lord Deighton): Under the Terrorist Asset-Freezing etc. Act 2010 ("TAFAs 2010"), the Treasury is required to report to Parliament, quarterly, on its operation of the UK's asset freezing regime mandated by UN Security Council Resolution 1373.

This is the thirteenth report under the Act and it covers the period from 1 January 2014 to 31 March 2014. This report also covers the UK implementation of the UN Al-Qaida asset freezing regime and the operation of the EU asset freezing regime in the UK under EU Regulation (EC) 2580/2001 which implements UNSCR 1373 against external terrorist threats to the EU. Under the UN Al-Qaida asset freezing regime, the UN has responsibility for designations and the Treasury has responsibility for licensing and compliance with the regime in the UK under the Al-Qaida (Asset-Freezing) Regulations 2011. Under EU Regulation 2580/2001, the EU has responsibility for designations and the Treasury has responsibility for licensing and compliance with the regime in the UK under Part 1 of TAFAs 2010.

Annexes A and B to this statement provide a breakdown, by name, of all those designated by the UK and the EU in pursuance of UN Security Council Resolution 1373.

The following table sets out the key asset-freezing activity in the UK during the quarter ending 31 March 2014:

	TAFAs 2010	EU Reg(EC) 2580/2001	Al-Qaida regime UNSCR 1989
Assets frozen (as at 31/03/2014)	£100,000	£11,000 ⁶⁸	£58,000 ⁶⁹
Number of accounts frozen in UK (at 31/03/2014)	40	10	25
New accounts frozen (during Q1 2014)	19	0	0
Accounts unfrozen (during Q1 2014)	35	0	1 ⁷⁰

⁶⁸ This does not duplicate funds frozen under TAFAs.

⁶⁹ This figure reflects the most up-to-date account balances available and includes approximately \$64,000 of funds frozen in the UK. This has been converted using exchange rates as of 31/03/2014.

⁷⁰ 1 unfrozen credit card in credit of £10.65.

Number of designations (at 31/03/2014)	29	37 ⁷¹	279
(i) New designations (during Q1 2014)	3	0	0
(ii) Delistings (during Q1 2014)	12	1	5
(iii) Individuals in custody in UK (at 31/03/2014)	4	0	0
(iv) Individuals in UK, not in custody (at 31/03/2014)	1	0	3
(v) Individuals overseas (at 31/03/2014)	13	11	213
(vi) Groups	8 (0 in UK)	26 (1 in UK)	61
Individuals by Nationality	7	n/a	n/a
(iii) UK Nationals ⁷²			
(iv) Non UK Nationals	14		
Renewal of designation (during Q1 2014)	14	n/a	n/a
General Licences			
(iv) Issued in Q4		(iv) 0	
(v) Amended		(v) 0	
(vi) Revoked		(vi) 0	
Specific Licences:			
(iv) Issued in Q1	7	0	2
(v) Amended	0	0	0
(vi) Revoked/Expireded	14	0	0

Legal Proceedings

1. An appeal against designations made under the Terrorism (United Nations Measures) Order 2009 and TFA 2010 was ongoing in the quarter covered by this report, brought by Zana Abdul RAHIM.
2. Two civil claims for damages relating to formerly designated persons are on-going, one brought by Gulam MASTAFA against a number of government departments including the Treasury, and another brought by an individual, "M", against the Treasury.

⁷¹ This figure is based on ex-designations where the UK freeze forms the prior competent authority decision for the EU freeze.

⁷² Based on information held by the Treasury, some of these individuals hold dual nationality.

3. In the quarter to 31 March 2014, no criminal proceedings were initiated in respect of breaches of asset freezes made under TAFAs 2010 or under the Al-Qaida (Asset-Freezing) Regulations 2011, though we have worked closely with the police and CPS on a number of investigations that may result in prosecution.

HM Treasury
5 June 2014

Annex A: Designated persons under TAFE 2010 by name⁷³

INDIVIDUALS

1. Hamed ABDOLLAHI
2. Bilal Talal ABDULLAH
3. Imad Khalil AL-ALAMI
4. Abdelkarim Hussein AL-NASSER
5. Ibrahim Salih AL-YACOUB
6. Manssor ARBABSIAR
7. Moazzam BEGG
8. Usama HAMDAN
9. Nabeel HUSSAIN
10. Hasan IZZ-AL-DIN
11. Mohammed KHALED
12. Parviz KHAN
13. Musa Abu MARZOUK
14. Khalid MISHAAL
15. Khalid Shaikh MOHAMMED
16. Sultan MUHAMMAD
17. Abdul Reza SHAHLAI
18. Ali Gholam SHAKURI
19. Qasem SOLEIMANI
20. A
21. B

ENTITIES

1. BASQUE FATHERLAND AND LIBERTY (ETA)
2. EJERCITO DE LIBERACION NACIONAL (ELN)
3. FUERZAS ARMADAS REVOLUCIONARIAS DE COLOMBIA (FARC)
4. HIZBALLAH MILITARY WING, INCLUDING EXTERNAL SECURITY ORGANISATION
5. HOLY LAND FOUNDATION FOR RELIEF AND DEVELOPMENT
6. POPULAR FRONT FOR THE LIBERATION OF PALESTINE - GENERAL COMMAND (PFLP-GC)
7. POPULAR FRONT FOR THE LIBERATION OF PALESTINE (PFLP)
8. SENDERO LUMINOSO (SL)

⁷³ For full listing details please refer to <https://www.gov.uk/government/publications/current-list-of-designated-persons-terrorism-and-terrorist-financing>

Annex B: Persons designated by the EU under Council Regulation (EC)2580/2001⁷⁴

PERSONS

1. Hamed ABDOLLAHI*
2. Abdelkarim Hussein AL-NASSER*
3. Ibrahim Salih AL YACOUB*
4. Manssor ARBABSIAR*
5. Mohammed BOUYERI
6. Sofiane Yacine FAHAS
7. Hasan IZZ-AL-DIN*
8. Khalid Shaikh MOHAMMED*
9. Abdul Reza SHAHLAI*
10. Ali Gholam SHAKURI*
11. Qasem SOLEIMANI*

GROUPS AND ENTITIES

1. Abu Nidal Organisation (ANO)
2. Al-Aqsa e.V.
3. Al-Aqsa Martyrs' Brigade
4. Al-Takfir and Al-Hijra
5. Babbar Khalsa
6. Communist Party of the Philippines, including New People's Army (NPA), Philippines
7. Devrimci Halk Kurtulu Partisi-Cephesi — DHKP/C (Revolutionary People's Liberation Army/Front/Party)
8. Ejército de Liberación Nacional (National Liberation Army)*
9. Fuerzas armadas revolucionarias de Colombia (FARC)*
10. Gama'a al-Islamiyya (a.k.a. Al-Gama'a al-Islamiyya) (Islamic Group — IG)
11. Hamas, including Hamas-Izz al-Din al-Qassem
12. Hizballah Military Wing, including external security organisation
13. Hizbul Mujahideen (HM)
14. Hofstadgroep
15. Holy Land Foundation for Relief and Development*
16. International Sikh Youth Federation (ISYF)
17. İslami Büyük Doğu Akıncılar Cephesi (IBDA-C) (Great Islamic Eastern Warriors Front)
18. Khalistan Zindabad Force (KZF)
19. Kurdistan Workers Party (PKK) (a.k.a. KONGRA-GEL)
20. Liberation Tigers of Tamil Eelam (LTTE)
21. Palestinian Islamic Jihad (PIJ)
22. Popular Front for the Liberation of Palestine — General Command (PFLP-GC)*
23. Popular Front for the Liberation of Palestine (PFLP)*
24. Sendero Luminoso (SL) (Shining Path)*
25. Stichting Al Aqsa
26. Teyrbazen Azadiya Kurdistan (TAK)

⁷⁴ For full listing details please refer to www.gov.uk

* EU listing rests on UK designation under TAFA 2010

Written Ministerial Statement

Operation of the UK's Counter-Terrorist Asset Freezing Regime: 1 April 2014 to 30 June 2014

The Commercial Secretary to the Treasury (Lord Deighton): Under the Terrorist Asset-Freezing etc. Act 2010 ("TAFAs 2010"), the Treasury is required to report to Parliament, quarterly, on its operation of the UK's asset freezing regime mandated by UN Security Council Resolution 1373.

This is the fourteenth report under the Act and it covers the period from 1 April 2014 to 30 April 2014. This report also covers the UK implementation of the UN Al-Qaida asset freezing regime and the operation of the EU asset freezing regime in the UK under EU Regulation (EC) 2580/2001 which implements UNSCR 1373 against external terrorist threats to the EU. Under the UN Al-Qaida asset freezing regime, the UN has responsibility for designations and the Treasury has responsibility for licensing and compliance with the regime in the UK under the Al-Qaida (Asset-Freezing) Regulations 2011. Under EU Regulation 2580/2001, the EU has responsibility for designations and the Treasury has responsibility for licensing and compliance with the regime in the UK under Part 1 of TAFAs 2010.

Annexes A and B to this statement provide a breakdown, by name, of all those designated by the UK and the EU in pursuance of UN Security Council Resolution 1373.

The following table sets out the key asset-freezing activity in the UK during the quarter ending 30 June 2014:

	TAFAs 2010	EU Reg(EC) 2580/2001	Al-Qaida regime UNSCR 1989
Assets frozen (as at 30/06/2014)	£101,000	£11,000 ⁷⁵	£58,000 ⁷⁶
Number of accounts frozen in UK (at 30/06/2014)	46	10	24
New accounts frozen (during Q2 2014)	6	0	0
Accounts unfrozen (during Q2 2014)	0	0	0
Number of designations (at 30/06/2014)	30	36 ⁷⁷	280

⁷⁵ This does not duplicate funds frozen under TAFAs.

⁷⁶ This figure reflects the most up-to-date account balances available and includes approximately \$64,000 of funds frozen in the UK. This has been converted using exchange rates as of 30/06/2014.

⁷⁷ This figure is based on ex-designations where the UK freeze forms the prior competent authority decision for the EU freeze.

(i) New designations (during Q2 2014)	1	0	6
(ii) Delistings (during Q2 2014)	0	0	5
(iii) Individuals in custody in UK (at 30/06/2014)	4	0	0
(iv) Individuals in UK, not in custody (at 30/06/2014)	4	0	3
(v) Individuals overseas (at 30/06/2014)	14	11	211
(vi) Groups	8 (0 in UK)	25 (1 in UK)	66
Individuals by Nationality	7	n/a	n/a
(v) UK Nationals ⁷⁸	8		
(vi) Non UK Nationals	14		
Renewal of designation (during Q2 2014)	1	n/a	n/a
General Licences			
(vii) Issued in Q2		(vii) 0	
(viii) Amended		(viii) 0	
(ix) Revoked		(ix) 0	
Specific Licences:			
(vii) Issued in Q2	10	0	1
(viii) Amended	2	0	0
(ix) Expired	1	0	0
(x) Refused	1	0	0

Legal Proceedings

4. The damages claim brought by Gulam MASTAFA against a number of government departments including the Treasury, has been stayed behind another case.
5. A Judicial Review was brought against the department in relation to the question of whether certain designations should be generally publicised or only notified on a restricted basis. Due to the nature of these proceedings it is not possible to provide any further information.
6. In the quarter to 30 June 2014, no criminal proceedings were initiated in respect of breaches of asset freezes made under TAFA 2010 or under the Al-Qaida (Asset-Freezing) Regulations 2011, though we have worked closely with the police and CPS on a number of investigations that may result in prosecution. Additionally, one individual was cautioned

⁷⁸ Based on information held by the Treasury, some of these individuals hold dual nationality.

during the quarter for breach of restrictions in the Terrorist Asset Freezing etc Act 2010 that apply to designated persons .

HM Treasury
14 July 2014

Annex A: Designated persons under TFA 2010 by name⁷⁹

INDIVIDUALS

1. Hamed ABDOLLAHI
2. Bilal Talal ABDULLAH
3. Imad Khalil AL-ALAMI
4. Abdelkarim Hussein AL-NASSER
5. Ibrahim Salih AL-YACOUB
6. Manssor ARBABSIAR
7. Moazzam BEGG
8. Usama HAMDAN
9. Nur Idiris HASSAN NUR
10. Nabeel HUSSAIN
11. Hasan IZZ-AL-DIN
12. Mohammed KHALED
13. Parviz KHAN
14. Musa Abu MARZOUK
15. Khalid MISHAAL
16. Khalid Shaikh MOHAMMED
17. Sultan MUHAMMAD
18. Abdul Reza SHAHLAI
19. Ali Gholam SHAKURI
20. Qasem SOLEIMANI
21. A
22. B

ENTITIES

1. BASQUE FATHERLAND AND LIBERTY (ETA)
2. EJERCITO DE LIBERACION NACIONAL (ELN)
3. FUERZAS ARMADAS REVOLUCIONARIAS DE COLOMBIA (FARC)
4. HIZBALLAH MILITARY WING, INCLUDING EXTERNAL SECURITY ORGANISATION
5. HOLY LAND FOUNDATION FOR RELIEF AND DEVELOPMENT
6. POPULAR FRONT FOR THE LIBERATION OF PALESTINE - GENERAL COMMAND (PFLP-GC)
7. POPULAR FRONT FOR THE LIBERATION OF PALESTINE (PFLP)
8. SENDERO LUMINOSO (SL)

⁷⁹ For full listing details please refer to <https://www.gov.uk/government/publications/current-list-of-designated-persons-terrorism-and-terrorist-financing>

Annex B: Persons designated by the EU under Council Regulation (EC)2580/2001⁸⁰

PERSONS

1. Hamed ABDOLLAHI*
2. Abdelkarim Hussein AL-NASSER*
3. Ibrahim Salih AL YACOUB*
4. Manssor ARBABSIAR*
5. Mohammed BOUYERI
6. Sofiane Yacine FAHAS
7. Hasan IZZ-AL-DIN*
8. Khalid Shaikh MOHAMMED*
9. Abdul Reza SHAHLAI*
10. Ali Gholam SHAKURI*
11. Qasem SOLEIMANI*

GROUPS AND ENTITIES

1. ABU NIDAL ORGANISATION (ANO)
2. AL-AQSA E.V.
3. AL-AQSA MARTYRS' BRIGADE
4. AL-TAKFIR AND AL-HIJRA
5. BABBAR KHALSA
6. COMMUNIST PARTY OF THE PHILIPPINES, INCLUDING NEW PEOPLE'S ARMY (NPA), PHILIPPINES
7. DEVRIMCI HALK KURTULU PARTISI-CEPHESI — DHKP/C (REVOLUTIONARY PEOPLE'S LIBERATION ARMY/FRONT/PARTY)
8. EJÉRCITO DE LIBERACIÓN NACIONAL (NATIONAL LIBERATION ARMY)*
9. FUERZAS ARMADAS REVOLUCIONARIAS DE COLOMBIA (FARC)*
10. GAMA'A AL-ISLAMIYYA (A.K.A. AL-GAMA'A AL-ISLAMIYYA) (ISLAMIC GROUP — IG)
11. HAMAS, INCLUDING HAMAS-IZZ AL-DIN AL-QASSEM
12. HIZBALLAH MILITARY WING, INCLUDING EXTERNAL SECURITY ORGANISATION
13. HIZBUL MUJAHIDEEN (HM)
14. HOFSTADGROEP
15. HOLY LAND FOUNDATION FOR RELIEF AND DEVELOPMENT*
16. INTERNATIONAL SIKH YOUTH FEDERATION (ISYF)
17. İSLAMI BÜYÜK DOĞU AKINCILAR CEPHESI (IBDA-C) (GREAT ISLAMIC EASTERN WARRIORS FRONT)
18. KHALISTAN ZINDABAD FORCE (KZF)
19. KURDISTAN WORKERS PARTY (PKK) (A.K.A. KONGRA-GEL)
20. LIBERATION TIGERS OF TAMIL EELAM (LTTE)
21. PALESTINIAN ISLAMIC JIHAD (PIJ)
22. POPULAR FRONT FOR THE LIBERATION OF PALESTINE — GENERAL COMMAND (PFLP-GC)*
23. POPULAR FRONT FOR THE LIBERATION OF PALESTINE (PFLP)*
24. SENDERO LUMINOSO (SL) (SHINING PATH)*
25. TEYRBAZEN AZADIYA KURDISTAN (TAK)

⁸⁰ For full listing details please refer to www.gov.uk

* EU listing rests on UK designation under TAFA 2010

Written Ministerial Statement

**Operation of the UK's Counter-Terrorist Asset Freezing Regime:
1 July 2014 to 30 September 2014**

The Commercial Secretary to the Treasury (Lord Deighton): Under the Terrorist Asset-Freezing etc. Act 2010 ("TAFAs 2010"), the Treasury is required to report to Parliament, quarterly, on its operation of the UK's asset freezing regime mandated by UN Security Council Resolution 1373.

This is the fourteenth report under the Act and it covers the period from 1 July 2014 to 30 September 2014. This report also covers the UK implementation of the UN Al-Qaida asset freezing regime and the operation of the EU asset freezing regime in the UK under EU Regulation (EC) 2580/2001 which implements UNSCR 1373 against external terrorist threats to the EU. Under the UN Al-Qaida asset freezing regime, the UN has responsibility for designations and the Treasury has responsibility for licensing and compliance with the regime in the UK under the Al-Qaida (Asset-Freezing) Regulations 2011. Under EU Regulation 2580/2001, the EU has responsibility for designations and the Treasury has responsibility for licensing and compliance with the regime in the UK under Part 1 of TAFAs 2010.

Annexes A and B to this statement provide a breakdown, by name, of all those designated by the UK and the EU in pursuance of UN Security Council Resolution 1373. The two individuals subject to restricted designations under Section 3 of the Act are denoted by A and B.

The following table sets out the key asset-freezing activity in the UK during the quarter ending 30 September 2014:

	TAFAs 2010	EU Reg(EC) 2580/2001	Al-Qaida regime UNSCR 1989
Assets frozen (as at 30/09/2014)	£50,000	£11,000 ⁸¹	£55,000 ⁸²
Number of accounts frozen in UK (at 30/09/2014)	49	10	25
New accounts frozen (during Q3 2014)	5	0	2
Accounts unfrozen (during Q3 2014)	2	0	0

⁸¹ This does not duplicate funds frozen under TAFAs.

⁸² This figure reflects the most up-to-date account balances available and includes approximately \$64,000 of funds frozen in the UK. This has been converted using exchange rates as of 30/09/2014. Additionally the figures reflect an updating of balances of accounts for certain individuals during the quarter, depleted through licensed activity.

Total number of designations (at 30/09/2014)	33	36 ⁸³	287
Number of designations that were confidential	1	0	0
(i) New designations (during Q3 2014)	4	0	8
(ii) Delistings (during Q3 2014)	1	0	1
(iii) Individuals in custody in UK (at 30/09/2014)	4	0	0
(iv) Individuals in UK, not in custody (at 30/09/2014)	3	0	3
(v) Individuals overseas (at 30/09/2014)	18	11	217
(vi) Groups	8 (0 in UK)	25 (1 in UK)	67
Individuals by Nationality			
(vii) UK Nationals ⁸⁴	11	n/a	n/a
(viii) Non UK Nationals	14		
Renewal of designation (during Q3 2014)	5	n/a	n/a
General Licences			
(x) Issued in Q3		(x) 0	
(xi) Amended		(xi) 0	
(xii) Revoked		(xii) 0	
Specific Licences:			
(xi) Issued in Q3	6	0	2
(xii) Amended	0	0	0
(xiii) Expired	1	0	0
(xiv) Refused	0	0	0

⁸³ This figure is based on ex-designations where the UK freeze forms the prior competent authority decision for the EU freeze.

⁸⁴ Based on information held by the Treasury, some of these individuals hold dual nationality.

Legal Proceedings

1. The damages claim brought by Gulam MASTAFA against a number of government departments including the Treasury, remains stayed.
2. The damages claim brought by Zana RAHIM continues to progress towards completion.
3. An individual previously designated under TAFSA 2010 has challenged the Treasury's decision to renew their designation. This case is listed for hearing in December 2014.
4. In the quarter to 30 September 2014, no criminal proceedings were initiated in respect of breaches of asset freezes made under TAFSA 2010 or under the Al-Qaida (Asset-Freezing) Regulations 2011.

HM Treasury

10 October 2014

Annex A: Designated persons under TAFE 2010 by name⁸⁵

INDIVIDUALS

1. Hamed ABDOLLAHI
2. Bilal Talal ABDULLAH
3. Imad Khalil AL-ALAMI
4. Abdelkarim Hussein AL-NASSER
5. Ibrahim Salih AL-YACOUB
6. Ruhul AMIN
7. Manssor ARBABSIAR
8. Moazzam BEGG
9. Usama HAMDAN
10. Nur Idiris HASSAN NUR
11. Nabeel HUSSAIN
12. Hasan IZZ-AL-DIN
13. Mohammed KHALED
14. Parviz KHAN
15. Reyaad KHAN
16. Musa Abu MARZOUK
17. Khalid MISHAAL
18. Khalid Shaikh MOHAMMED
19. Sultan MUHAMMAD
20. Nasser MUTHANA
21. Abdul Reza SHAHLAI
22. Ali Gholam SHAKURI
23. Qasem SOLEIMANI
24. A
25. B

ENTITIES

1. BASQUE FATHERLAND AND LIBERTY (ETA)
2. EJERCITO DE LIBERACION NACIONAL (ELN)
3. FUERZAS ARMADAS REVOLUCIONARIAS DE COLOMBIA (FARC)
4. HIZBALLAH MILITARY WING, INCLUDING EXTERNAL SECURITY ORGANISATION
5. HOLY LAND FOUNDATION FOR RELIEF AND DEVELOPMENT
6. POPULAR FRONT FOR THE LIBERATION OF PALESTINE - GENERAL COMMAND (PFLP-GC)
7. POPULAR FRONT FOR THE LIBERATION OF PALESTINE (PFLP)
8. SENDERO LUMINOSO (SL)

⁸⁵ For full listing details please refer to <https://www.gov.uk/government/publications/current-list-of-designated-persons-terrorism-and-terrorist-financing>

Annex B: Persons designated by the EU under Council Regulation (EC)2580/2001⁸⁶

PERSONS

1. Hamed ABDOLLAHI*
2. Abdelkarim Hussein AL-NASSER*
3. Ibrahim Salih AL YACOUB*
4. Manssor ARBABSIAR*
5. Mohammed BOUYERI
6. Sofiane Yacine FAHAS
7. Hasan IZZ-AL-DIN*
8. Khalid Shaikh MOHAMMED*
9. Abdul Reza SHAHLAI*
10. Ali Gholam SHAKURI*
11. Qasem SOLEIMANI*

GROUPS AND ENTITIES

1. ABU NIDAL ORGANISATION (ANO)
2. AL-AQSA E.V.
3. AL-AQSA MARTYRS' BRIGADE
4. AL-TAKFIR AND AL-HIJRA
5. BABBAR KHALSA
6. COMMUNIST PARTY OF THE PHILIPPINES, INCLUDING NEW PEOPLE'S ARMY (NPA), PHILIPPINES
7. DEVRIMCI HALK KURTULU PARTISI-CEPHESI — DHKP/C (REVOLUTIONARY PEOPLE'S LIBERATION ARMY/Front/PARTY)
8. EJÉRCITO DE LIBERACIÓN NACIONAL (NATIONAL LIBERATION ARMY)*
9. FUERZAS ARMADAS REVOLUCIONARIAS DE COLOMBIA (FARC)*
10. GAMA'A AL-ISLAMIYYA (A.K.A. AL-GAMA'A AL-ISLAMIYYA) (ISLAMIC GROUP — IG)
11. HAMAS, INCLUDING HAMAS-IZZ AL-DIN AL-QASSEM
12. HIZBALLAH MILITARY WING, INCLUDING EXTERNAL SECURITY ORGANISATION
13. HIZBUL MUJAHIDEEN (HM)
14. HOFSTADGROEP
15. HOLY LAND FOUNDATION FOR RELIEF AND DEVELOPMENT*
16. INTERNATIONAL SIKH YOUTH FEDERATION (ISYF)
17. İSLAMI BÜYÜK DOĞU AKINCILAR CEPHESI (IBDA-C) (GREAT ISLAMIC EASTERN WARRIORS FRONT)
18. KHALISTAN ZINDABAD FORCE (KZF)
19. KURDISTAN WORKERS PARTY (PKK) (A.K.A. KONGRA-GEL)
20. LIBERATION TIGERS OF TAMIL EELAM (LTTE)
21. PALESTINIAN ISLAMIC JIHAD (PIJ)
22. POPULAR FRONT FOR THE LIBERATION OF PALESTINE — GENERAL COMMAND (PFLP-GC)*
23. POPULAR FRONT FOR THE LIBERATION OF PALESTINE (PFLP)*
24. SENDERO LUMINOSO (SL) (SHINING PATH)*
25. TEYRBAZEN AZADIYA KURDISTAN (TAK)

⁸⁶ For full listing details please refer to www.gov.uk

* EU listing rests on UK designation under TAFA 2010

HM Treasury contacts

This document can be downloaded from
www.gov.uk

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