

**The Counter-Terrorism (Sanctions) (EU Exit) Regulations 2019**  
**Annual Review under section 30 of the Sanctions and Anti-Money Laundering Act 2018**

**SUMMARY**

- The Counter-Terrorism (Sanctions) (EU Exit) Regulations 2019 seek to further the prevention of terrorism in the United Kingdom and elsewhere and to protect the interests of national security in the United Kingdom. The national terrorist threat level posed to the United Kingdom is **severe**, meaning an attack is highly likely.
- The 2019 Regulations also implement the obligations in paragraphs 1 and 2 of UN Security Council Resolution 1373 of 28<sup>th</sup> September 2001 (“UNSCR 1373”), including to freeze funds and other financial assets or economic resources of persons who commit, attempt to commit, participate in or facilitate the commission of terrorist acts and to prohibit persons and entities from making funds, financial assets, financial services or economic resources available to or for the benefit of those who commit, attempt to commit, participate or facilitate terrorist acts.
- The policy intention is that sanctions remain in place to further the prevention of terrorism, in the United Kingdom or elsewhere, and in the interests of national security, and comply with relevant UN obligations under UNSCR 1373.
- The Minister has therefore decided to retain the 2019 Regulations.

**The Counter-Terrorism (Sanctions) (EU Exit) Regulations 2019**

1. The Counter-Terrorism (Sanctions) (EU Exit) Regulations 2019 (the “2019 Regulations”) were made on 14 March 2019, laid before Parliament on 15 March 2019 and came fully into force on 31<sup>st</sup> December 2020. Section 30 of the Sanctions and Anti-Money Laundering Act 2018 (the “Sanctions Act”) requires the appropriate Minister who made the Regulations to review whether the Regulations are still appropriate for the purposes stated in them under section 1(3) of The Sanctions Act. If the purpose stated is a purpose other than compliance with a UN obligation or other international obligation, any review must also include consideration of –
  - a) Whether carrying out that purpose would meet any one or more of the conditions in paragraphs (a) to (i) of section 1(2) of the Act;
  - b) Whether there are good reasons to pursue that purpose; and
  - c) Whether the imposition of sanctions is a reasonable course of action for that purpose.

## Purposes of the 2019 Regulations

2. The purposes of the 2019 Regulations are set out at regulation 4 of the Regulations, and are as follows:

4.—(1) The regulations contained in this instrument that are made under section 1 of the Act have the following purposes—

- (a) compliance with the relevant UN obligations, and
- (b) the additional purposes mentioned in paragraph (2).

(2) Those additional purposes are—

- (a) the prevention of terrorism in the United Kingdom or elsewhere otherwise than by compliance with the relevant UN obligations; and
- (b) the interests of national security.

(3) In this regulation, “the relevant UN obligations” means the obligations the United Kingdom has by virtue of paragraphs 1 and 2 of resolution 1373.

## Designations

3. The status of designations under the 2019 Regulations is as set out in the following table:

### UK designations

Total number of designations as of 4 August 2021	1
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## Review of the 2019 Regulations

4. The UK’s obligations pursuant to UNSCR 1373 (as set out under Regulation 4(1)(a)) and implemented by the 2019 Regulations are unchanged. Therefore, these regulations remain appropriate for the purposes of complying with those obligations.

## Whether carrying out the purposes of the 2019 Regulations other than compliance with a UN obligation meets one or more of the conditions in paragraphs (a) to (i) or section 1(2) of the Sanctions Act

5. Carrying out the additional purposes as set out under Regulation 4(2)(a) and (b) of the 2019 Regulations meets one or more of the conditions set out in paragraph (a) to (i) of section 1(2) of the Sanctions Act, as required under s30(3)(a) of the Act. Specifically, carrying out these purposes would further the prevention of terrorism in the United Kingdom or elsewhere (s1(2)(a)) and be in the interests of national security (s1(2)(b)).

Following EU Exit, the 2019 Regulations are designed to replace Part 1 of the Terrorist Asset-Freezing Act 2010 (TAFAs), with substantially the same effect. The 2019 Regulations enable the designation of persons, groups or entities with a clear UK nexus (e.g. the target resides in the UK, is likely to return to the UK, holds economic resources in the UK, or where the designation will be in the interests of UK national security in a counter-terror context where UN financial sanctions are not available or deemed an appropriate tool to utilise). This supports the prevention of terrorism in the United Kingdom or elsewhere, and the protection of national security, by allowing financial sanctions to be imposed against relevant persons and reducing their ability to pose a terrorist risk.

### **Whether there are good reasons for pursuing these purposes**

6. There are good reasons for pursuing the purposes of (i) the prevention of terrorism in the United Kingdom and elsewhere and (ii) the interests of national security. Domestic and international terrorism remain a significant threat to the UK's national interests, and the United Kingdom's terrorist threat level is at 'severe', meaning an attack is highly likely.<sup>1</sup> HMG's Integrated Review 2021 identifies that terrorism continues to pose a major threat to UK interests at home and abroad, as well as the need to take a 'robust, full spectrum approach in response'.<sup>2</sup> Specifically, the report identifies the importance of using sanctions regimes to combat threats such as terrorism.<sup>3</sup> There is a need to adopt a broad response to tackling terrorism and terrorism financing, including using targeted financial sanctions against those with a UK nexus, where appropriate. The purposes of the 2019 Regulations therefore continue to be central to the United Kingdom's national security priorities.
  
7. Furthermore, having this sanctions regime in UK law will ensure the UK complies with its international obligations as set out in UNSCR 1373 (for example, by preventing and suppressing the financing of terrorist acts and freezing financial assets of persons involved in terrorism) and remains a responsible global player in the fight against terrorism.

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<sup>1</sup> There are 5 levels to the National threat level (in increasing severity): Low, Moderate, Substantial, Severe and Critical.

<sup>2</sup> Global Britain in a Competitive Age: the Integrated Review of Security, Defence, Development and Foreign Policy - GOV.UK (www.gov.uk), p. 80

<sup>3</sup> *Ibid*, p. 48

### **Why imposition of sanctions is a reasonable course of action for these purposes**

8. The imposition of prohibitions and requirements of the kind imposed by the 2019 Regulations is a reasonable course of action for the purposes of the regime. This is because financial sanctions play a key role in countering terrorism, both at the international level through UN-imposed sanctions, as well as at the domestic level, by preventing terrorists from obtaining the means to carry out terrorist acts.
9. UK counter-terrorism sanctions powers remain a useful tool for the UK Government to disrupt counter-terrorism financing. By imposing sanctions on individuals or entities involved, the UK can constrain a target by denying them access to resources needed to continue their offending behaviour, encourage a change in their future behaviour, signal the UK's condemnation of terrorism and provide support for international partners facing terrorism threats.
10. The 2019 Regulations also impose supplemental prohibitions and requirements, in particular those relating to the disclosure of information and reporting by relevant entities. These provisions enable the UK government to properly operate and enforce the sanctions regime.
11. The imposition of sanctions is part of a broader strategy to tackle the threat from terrorism – the UK is committed to increasing national capabilities and capabilities of key international partners to disrupt terrorist activity and reduce the will and ability of terrorist groups and individuals to carry out attacks. This is set out further in the UK's CONTEST, counter-terrorism strategy, which aims to reduce the risk to the UK and our interests overseas from terrorism.

### **Humanitarian impact**

12. Sanctions measures under the 2019 Regulations are carefully targeted. The UK seeks to ensure that any potential unintended consequences of sanctions, including any humanitarian impact, are minimised. When considering counter-terrorism sanctions measures and the potential impact on humanitarian activities, the UK government acknowledges the concerns of charities operating in areas subject to counter-terrorism financing measures and sanctions, including the problems of bank de-risking and other

potential impacts of over-compliance which may inadvertently increase the terrorist financing or money laundering risk. The UK Government seeks to ensure that counter-terrorism sanctions measures are carefully targeted to ensure the maximum impact on sanctions targets while ensuring that those measures do not themselves hinder the delivery of humanitarian assistance.

13. The 2019 Regulations include broad licensing grounds to enable permitted acts to be undertaken by designated persons, and exceptions which, inter alia, permit accounts of designated persons to be credited with interest or other earnings. It is assessed that there is no significant humanitarian impact as a result of the 2019 Regulations.

### **Conclusion**

14. The UN obligations implemented by the 2019 Regulations are unchanged and the Minister considers the regime remains appropriate for the purpose of implementing those obligations.
15. The Minister considers that carrying out the non-UN purposes of the 2019 Regulations continues to meet one or more of the conditions set out in paragraph (a) to (i) of section 1(2) of the Sanctions Act.
16. The Minister considers that the 2019 Regulations are still appropriate for those purposes, that there are good reasons to pursue those purposes, and that the imposition of sanctions is a reasonable course of action in support of those purposes.
17. The policy intention is that sanctions remain in place to further the prevention of terrorism, in the United Kingdom or elsewhere, and in the interests of national security, and comply with relevant UN obligations under UNSCR 1373.
18. In order for the above to be realised, the threat to the UK and its international partners from terrorism would need to be deemed to be substantially diminished.

13 January 2022

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