



Office of Financial
Sanctions Implementation
HM Treasury



Art Market Participants and High Value Dealers Threat Assessment

June 2025



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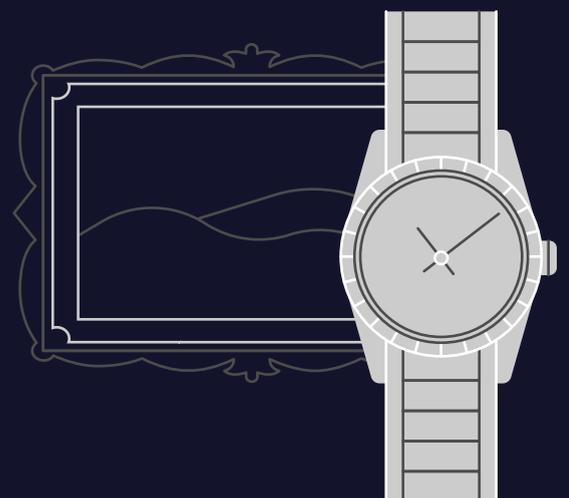
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Numerous designated persons across several UK sanctions regimes are high-net-worth individuals with historical footprints and assets in the UK, including high value goods (HVGs). Dealing with these HVGs, including by arranging for their acquisition, sale, transport and/or maintenance, without a relevant OFSI licence risks breaching UK financial sanctions.

Introduction

This publication is one in a series of sector-specific assessments by the Office of Financial Sanctions Implementation (OFSI) addressing threats to UK financial sanctions compliance (OFSI's other threat assessments are available [here](#)).¹ The UK sanctions landscape has changed significantly since the illegal Russian invasion of Ukraine in February 2022 and the subsequent implementation of unprecedented financial sanctions on Russia by the UK Government and international partners. OFSI recognises the evolving nature of financial sanctions compliance and is publishing these assessments to assist UK stakeholders in better understanding and protecting against threats to compliance. These assessments also demonstrate OFSI's commitment to proactively investigate breaches of UK financial sanctions.²

Art Market Participants (AMPs) and High Value Dealers (HVDs)

This assessment covers threats to financial sanctions compliance relevant to AMPs and HVDs, which are defined below. Both AMPs and HVDs became relevant firms (as defined in legislation) on 14 May 2025 and are now subject to financial sanctions reporting obligations. This assessment is intended to assist AMPs and HVDs in complying with these reporting obligations and UK financial sanctions more broadly.

AMPs

An AMP is defined in sanctions regulations as a firm or sole practitioner that is registered, or required to register, with His Majesty's Revenue and Customs (HMRC) as an AMP under money laundering regulations (MLRs). HMRC's guidance on who is required to register and MLRs can be found [here](#).

An AMP's financial sanctions reporting obligations will apply in relation to 'information or another matter' that comes to it "in the course of carrying on its business"³ which means either when it:

- trades in, or acts as an intermediary in, the buying or selling of works of art, where the transaction value (or the value of a series of linked transactions) is EUR 10,000 or more; or
- stores works of art where the value of the works of art so stored for a person, amount to EUR 10,000 or more.

¹ This assessment covers UK financial sanctions only and does not cover UK trade sanctions. Further information on UK trade sanctions is available [here](#).

² OFSI works closely with the National Crime Agency (NCA), which is responsible for investigating suspected criminal breaches of UK financial sanctions.

³ Further information on reporting requirements is available [here](#).

A firm or sole practitioner is not an AMP for financial sanctions reporting purposes in relation to the sale or storage of a work of art which is created by, or is attributable to, a member of the firm or the sole practitioner. For further information on this definition, see OFSI's guidance relevant to AMPs and HVDs (available [here](#)).

AMPs can include but are not limited to: auction houses; commercial galleries; art storage facilities and specialist service providers; and intermediaries.⁴

For the purposes of this assessment, artwork storage facilities refers to any facility or space that is used to hold, store or move works of art, whether short term or for prolonged periods of time. This includes purpose-built warehouses and freeports.

According to MLRs, an AMP intermediary is someone who, by way of business, is actively involved in the sale or purchase of a work of art, on behalf of a seller or buyer. This involves dealing with more than one party. The intermediary will have authority to act on behalf of a seller or buyer. Further information on intermediaries in this context can be found [here](#).

HVDs

A HVD is defined in sanctions regulations as a firm or sole trader that by way of business trades in goods (including an auctioneer dealing in goods), when the trader makes or receives, in respect of any transaction, a payment or payments in cash of at least EUR 10,000 in total, whether the transaction is executed in a single operation or in several operations which appear to be linked. **This refers to physical cash only and does not include bank transfers or digital payments.**

High Value Goods (HVGs)

AMPs and HVDs deal with a variety of HVGs. The definition of HVGs for the purposes of this assessment aligns with the definition of luxury goods as referenced by the United Nations Security Council.⁵ HVGs can be considered superior to comparable products in terms of design; quality; durability; and/or performance. These goods are often associated with certain named brands and are preferred by consumers with strong purchasing power.

⁴ The term 'specialist services' in this instance refers to any company that provides any service to the art storage sector in order to support or enhance their ability to conduct business. This includes shipping and transport companies, insurance companies and agents, brokers, lawyers, accountants and banking providers.

⁵<https://www.gov.uk/government/publications/high-value-dealers-art-market-participants-guidance/financial-sanctions-guidance-for-high-value-dealers-art-market-participants>

For the purposes of this assessment, the range of HVGs with which AMPs and HVDs may deal with includes, but is not limited to:



Paintings and photography



Sculptures and ceramics



Furniture and textiles



Jewellery, including watches, and fashion items such as handbags



Musical instruments



Wines and spirits



Other antiques and cultural property

Financial sanctions reporting obligations already apply to persons who are engaged in the business of making, supplying, selling (including selling by auction) or exchanging articles made from gold; silver; platinum; palladium; precious stones or pearls.

This assessment concerns both AMPs and HVDs due to their inclusion as relevant firms in legislation, and their trade in HVGs. OFSI is also providing this assessment for both AMPs and HVDs based on the common red flags and threats to sanctions compliance which apply to both sectors. However, it is important to note the distinct definitions of AMPs

and HVDs above. OFSI has indicated in this assessment where information is relevant to AMPs, HVDs or both. OFSI also encourages AMP and HVD stakeholders to consider which sections of this assessment are relevant to them. This assessment also refers to MLRs, under which AMPs and HVDs are defined separately. To understand their respective obligations, AMPs and HVDs should review separate HMRC guidance, which is found in the Further Resources section of this assessment.

Reporting to OFSI

Relevant firms (as defined in the UK regulations under the Sanctions and Anti-Money Laundering Act 2018) are required to inform OFSI as soon as practicable if they know or have reasonable cause to suspect a person:

- is a designated person (DP)⁶; or
- has committed a breach or failed to comply with an obligation under the UK regulations

A relevant firm is only subject to this reporting obligation where the information or other matter on which the knowledge or reasonable cause for suspicion is based came to it in the course of carrying on its business. When reporting to OFSI relevant firms must include:

- the information or other matter on which the knowledge or suspicion is based; and
- any information the relevant firm holds about the person by which they can be identified.

If the relevant firm knows or has reasonable cause to suspect that a person is a DP and that person is a customer of the relevant firm, it must also state the nature and amount or quantity of any funds or economic resources held by it for that customer.

For detailed instructions on how to submit a report to OFSI, please refer to OFSI guidance, [here](#).

This assessment provides information to assist AMPs and HVDs in complying with UK financial sanctions, including by identifying and reporting suspected breaches to OFSI. This assessment should not be read as a direct reflection of ongoing OFSI investigations or enforcement activity and is based on a wide range of information available to OFSI.

⁶ A DP is an individual or entity listed under UK legislation as being subject to sanctions.

Penalties

Failure to comply with reporting obligations is an offence. A person who commits such an offence is liable on summary conviction to imprisonment for a term not exceeding 6 months, or a fine, or both.

OFSI is responsible for the monitoring of compliance with financial sanctions applicable in the UK and for assessing suspected breaches of prohibitions or failures to comply with obligations. OFSI has powers under the Policing and Crime Act 2017 to impose monetary penalties. In cases where a breach or failure relates to particular funds or economic resources, a monetary penalty can be up to £1 million or 50% of the estimated value of the funds or economic resources.

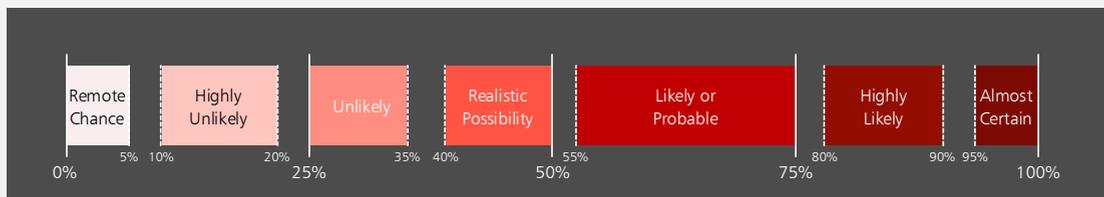
OFSI assesses the seriousness of suspected breaches on their merits and determines what enforcement action is appropriate and proportionate on a case-by-case basis. OFSI can also refer cases to law enforcement agencies, including the National Crime Agency (NCA), for investigation and potential prosecution. Guidance on breaches of financial sanctions prohibitions and OFSI enforcement can be found [here](#).

Key Judgements

1. It is **highly likely** that high value goods owned by DPs in the UK have not been reported to OFSI.
2. It is **likely** that Russian DPs and their enablers have dealt with high value goods in the UK in breach of asset freeze prohibitions.

Probability Yardstick

This assessment uses probabilistic language as detailed in the Probability Yardstick developed by HMG's Professional Head of Intelligence Assessment (PHIA).



Robust compliance

Complying with UK financial sanctions forms part of UK AMPs' and HVDs' wider obligations to help combat illicit finance. HM Treasury's 2020 National Risk Assessment (NRA) assessed the risk of money laundering relating to AMPs and HVDs as high and medium, respectively.⁷ According to the same NRA, the risk of terrorist financing relating to AMPs and HVDs was low.

AMPs and HVDs who deal with HVGs owned, held or controlled by a DP without a relevant OFSI licence risk breaching UK financial sanctions. HVGs owned, held or controlled by a DP, directly or indirectly, are economic resources which should be frozen in line with asset freeze regulations and reported to OFSI.⁸

HVGs are typically portable and can be acquired, sold and/or owned by DPs through complex corporate structures, obfuscating their beneficial ownership. HVGs also act as a dependable store of value and can be acquired or sold through opaque transactions involving cash and/or cryptoassets.

Facing financial pressures due to UK financial sanctions, OFSI has observed DPs and their enablers attempting to exploit these characteristics to sell HVGs or transfer them beyond the reach of UK asset freeze regulations. Red flags indicative of these activities and threats stemming from specific DPs which are relevant to both AMPs and HVDs are outlined below.

Reporting to OFSI – Continued

Since January 2022, OFSI has received numerous suspected breach reports concerning HVGs submitted by firms other than AMPs and HVDs, including financial services and legal services firms. **This demonstrates the need for HVDs and AMPs to comply with their financial sanctions reporting obligations which came into effect on 14 May 2025.**

Suspected breaches

As mentioned, AMPs and HVDs are required to report suspected breaches to OFSI as soon as practicable. OFSI monitors reporting on a sector-specific basis to identify patterns of non-compliance and proactively investigates suspected breaches based on a range of available information.

⁷ National risk assessment of money laundering and terrorist financing 2020

⁸ Economic resources are assets of every kind – tangible or intangible, movable or immovable – which are not funds, but may be used to obtain funds, goods or services.

OFSI also has legal powers to require certain firms and individuals to provide information to it through a request for information (RFI). Failure to respond to a RFI within the specified time and without a reasonable excuse can result in OFSI taking public enforcement action, such as making a disclosure or imposing a monetary penalty.⁹

If AMPs or HVDs make a report to OFSI based on the content of this assessment, it will assist OFSI if reporters reference “OFSI – AMPs and HVDs Threat Assessment – 0625” in the report.

Frozen assets

1. It is **highly likely** that high value goods owned by DPs in the UK have not been reported to OFSI.

A significant number of DPs across several UK sanctions regimes, including those relating to Russia, Counter-Terrorism (Domestic), Global Human Rights and Global Anti-Corruption in particular, are high-net-worth individuals with historical footprints and assets in the UK, including HVGs.¹⁰ Dealing with these HVGs, which could include arranging for their acquisition, sale, transport and/or maintenance, without a relevant OFSI licence risks breaching UK financial sanctions.

Financial sanctions legislation requires that all funds or economic resources (including HVGs) owned, held or controlled by a DP must be frozen. Relevant firms must also report to OFSI, as soon as practicable, the nature and amount or quantity of any funds or economic resources they hold for a customer who is a DP.

Reporting obligations for AMPs and HVDs were introduced on 14 May 2025. As a result of this introduction, OFSI expects AMPs and HVDs to begin reporting HVGs which are also frozen assets.

As detailed in the January 2024 Amber Alert concerning the art storage sector, published by the National Economic Crime Centre within the NCA, UK police have previously seized works of art belonging to a DP which were held by an AMP. Although the AMP in question had ceased dealing with the DP, they continued to hold the works of art, despite adverse reporting and further sanctioning by competent authorities.¹⁰ This case supports the key judgement above that there are HVGs in the UK which have not yet been reported to

⁹ <https://ofsi.blog.gov.uk/2025/05/08/svarog-penalty-a-lesson-in-information-offences/#:~:text=When%20requesting%20information%2C%20OFSI%20will,suspected%20breaches%20of%20financial%20sanctions.>

¹⁰ <https://www.nationalcrimeagency.gov.uk/who-we-are/publications/692-0735-necc-amber-alert-sanctions-evasion-money-laundering-in-the-art-sec/file>

OFSI. Now that financial sanctions reporting obligations apply, AMPs and HVGs must freeze and report relevant assets to OFSI.

Licences

Certain OFSI licences, including general licences, include reporting obligations relating to their use. AMPs and HVDs should be aware of these reporting obligations and inform OFSI of any breaches of licence conditions as soon as practicable. Further information on OFSI licensing can be found [here](#).

Suspicious Activity Reports

In addition to reporting to OFSI where relevant, if you know or suspect, or have reasonable grounds for knowing or suspecting, that there has been money laundering or terrorist financing activity and your business falls within the regulated sector, then you are required to submit a suspicious activity report (SAR) to the NCA under Part 7 of the Proceeds of Crime Act 2002 or under the Terrorism Act 2000. SARs should be reported using the NCA's SAR Portal, accessed via the NCA website.

All reporters should refer to the guidance on the SAR Portal around the use of SAR glossary codes, in particular the XXSNEXX glossary code, which should be used where the reporter suspects the activity is consistent with money laundering or terrorist financing and is linked to sanctioned persons or entities. Guidance on SARs is available [here](#). **The obligation to file a SAR is in addition to, and does not replace, any obligation to make a report to OFSI.**

This extension of financial sanctions reporting obligations follows previous amendments to money laundering regulations concerning AMPs and HVDs which came into effect in 2020. OFSI works closely with UK Government partners, including HMRC and the NCA, in implementing financial sanctions and combatting illicit finance.

According to information available to OFSI, AMP and HVD registration on the SAR Portal is significantly lower than anticipated. Most of the AMPs and HVDs who have registered on the SAR Portal are larger firms in their respective sectors. Moreover, only a small number of SARs have been submitted by AMPs and HVDs since their registration. Between April 2023 and March 2024, AMPs and HVDs accounted for only 0.07% of all SARs submitted.¹¹ This figure can be explained partly by the size of the AMPs and HVDs sector compared with other supervised sectors but also underlines the importance of SARs submission.

While registration for the SAR Portal is not a regulatory requirement, it shows a clear

¹¹ <https://www.nationalcrimeagency.gov.uk/who-we-are/publications/747-sars-annual-report-2024/file>

intention on the part of AMPs and HVDs to comply with their money laundering and terrorist financing obligations and ensures SARs can be submitted in a timely manner once a suspicion has formed.

It is essential that AMPs and HVDs of all sizes comply with existing money laundering and recently introduced financial sanctions reporting obligations. Adopting best practice in both anti-money laundering and sanctions compliance is complementary.

Threats

Russian DPs and their enablers

2. It is **likely** that Russian DPs and their enablers have dealt with high value goods in the UK in breach of asset freeze prohibitions.

Since the Russian invasion of Ukraine in February 2022, most sanctions designations made by the UK Government have been Russia-related. Reflecting this, Russian DPs and their enablers currently pose the most significant threat to compliance with UK financial sanctions, including for AMPs and HVDs.

An enabler acting on behalf of a Russian DP could deal with HVGs owned, held or controlled by a DP in various ways, including by arranging for their transport, acquisition or sale or by claiming ownership of the asset on behalf of the DP.

OFSI defines an enabler as any individual or entity providing services or assistance to, on behalf of, or for the benefit of DPs to breach UK financial sanctions. Enabler activity is any activity undertaken by these individuals or entities on behalf of, or for the benefit of, DPs. For the purposes of this assessment, an enabler's level of complicity with sanctions breaches has been differentiated at three levels: complicit, willfully blind and unwittingly involved.

A professional enabler is defined as "an individual or organisation that is providing professional services that enables criminality. Their behaviour is deliberate, reckless, improper, dishonest and/or negligent through a failure to meet their professional and regulatory obligations".¹² OFSI has also observed increased activity by non-professional enablers linked to Russian DPs. For the purposes of this assessment, such enablers are defined as individuals with close personal ties to DPs, such as their family members, ex-spouses, associates, or other proxies. While they share the same aims as professional enablers, these enablers often employ less sophisticated methods to breach UK financial sanctions.

Suspected breaches of UK financial sanctions often involve enablers acting on behalf of DPs. AMPs and HVDs should be alert to enabler activity and report to OFSI where relevant. Red flags indicative of enabler activity are provided below.

¹² <https://www.nationalcrimeagency.gov.uk/who-we-are/publications/724-cross-system-professional-enablers-strategy/file>

Other regimes

While Russia-related sanctions are currently the primary threat from a sanctions compliance perspective, AMPs and HVDs should be alert to threats stemming from other regimes, including but not limited to: Global Human Rights; Counter Terrorism (Domestic); Global Anti-Corruption; Libya; and the Democratic People's Republic of Korea (DPRK). Threats to sanctions compliance may also change over time, including as a result of new sanctions designations by the UK Government. To receive up to date information regarding UK financial sanctions, OFSI encourages AMPs and HVDs to subscribe to free OFSI e-mail alerts (available [here](#)).

The UK is an important international hub for the trade of HVGs. Transactions relating to HVGs, including buying, selling and transportation, often have an international nexus. In this context, it is important to note that UK financial sanctions apply to all persons in the UK and to all UK persons wherever they are in the world. This means that all UK nationals and entities incorporated or constituted under UK law, including their branches, must comply with UK financial sanctions, irrespective of where their activities take place.

Sector-specific threats

Among AMPs and HVDs, certain firms are at higher risk of non-compliance owing to the nature of their work and clients. As highlighted by the NCA's January 2024 Amber Alert (available [here](#)), art storage facilities and specialist service providers in particular should be alert to sanctions offences which may arise during the provision of their services.

Regarding HVDs, the 2020 NRA identified jewellery and precious metals, cars and vehicles, and cash and carry and alcohol as the three sub-sectors at highest risk of criminal abuse.¹³

¹³ National risk assessment of money laundering and terrorist financing 2020

Red Flags

AMPs and HVDs can strengthen compliance with UK financial sanctions by ensuring that robust due diligence is conducted. The red flags provided below are not exhaustive and can emerge in a variety of contexts relevant to AMPs and/or HVDs. These red flags, which are based on information available to OFSI, should trigger enhanced due diligence and, where relevant, reports to OFSI.

AMPs and HVDs



Counterparties, including buyers and sellers, with discernable links to sanctioned jurisdictions (e.g., Russia).



Counterparties attempting to conceal links to a sanctioned jurisdiction, including, for example, through the use of a 'golden passport'.¹⁴



Counterparties whose personal details, including name, address and/or date of birth, match the OFSI Consolidated List of Financial Sanctions targets in the UK (available [here](#)). When assessing a potential name match, AMPs and HVDs should be aware of different spellings and transliterations (e.g., from Russian and Arabic to English).



A counterparty refusing to provide information, particularly in relation to know-your-customer (KYC) checks, without reasonable justification.



Counterparties, particularly sellers, attempting to rush or delay a transaction while failing to engage with KYC checks.



Buying or selling a HVG at a price substantially higher or lower than the market value, or where the seller (or a third party acting on their behalf) is uninterested in recouping their initial investment.

¹⁴ Golden passport refers to a citizenship-by-investment scheme that grants individuals nationality in a foreign country, typically in exchange for a substantial financial contribution.



The source of funds used for the acquisition of a HVG is not clear.



The ownership history of a HVG is not clear or explained by a counterparty.



Buyers or sellers attempting to split the overall cost of a HVG into smaller payments, particularly if they negotiate the price below EUR 10,000 (the threshold for AMP and HVD reporting).



A non-designated individual (including family members and business associates of a DP) claiming to be the original owner of a HVG, despite indications that the asset was acquired using the DP's funds prior to their designation.



Arrangements to physically transfer HVGs owned, held or controlled by a DP following their designation. This could include shipping HVGs outside of the UK through various means (e.g., private transportation or other logistics).



Enablers, such as family members or associates, dealing with HVGs owned, held or controlled by a DP in any capacity without a clear rationale.



Requests for unusual or complex HVG delivery arrangements, including those involving intermediary jurisdictions (e.g., not the UK or a jurisdiction not subject to financial sanctions) without a clear rationale.

AMPs only



Complex corporate structures linked to DPs, which often include family trusts registered in intermediary jurisdictions, which obfuscate the ultimate beneficial ownership of HVGs.



Counterparties without experience or an established reputation in the market. This includes small entities with limited clients.



Transactions structured through multiple intermediaries, thereby obfuscating the ultimate beneficiary.



Requests for payment through a combination of cash and/or cryptoassets.



The use of complex payment arrangements, including routing payments through banks or payment providers based in sanctioned or intermediary jurisdictions (including High-Risk or Other Monitored Jurisdictions as identified by the Financial Action Task Force; available [here](#)).



A non-designated individual or entity making payments to meet an obligation relating to a HVG (e.g., storage costs) previously met directly by a DP.

To complement these red flags, the following case studies illustrate situations where these and other red flags may arise when dealing with HVGs. The first case study relates to a legal case involving a UK-based AMP, while the second case study is fictional, but draws on information available to OFSI.

CASE STUDY 1: UK AMP Terrorist Finance Disclosure Failure

The timeline below outlines the events surrounding the above-mentioned case of a UK AMP pleading guilty to offences under the Terrorism Act 2000.

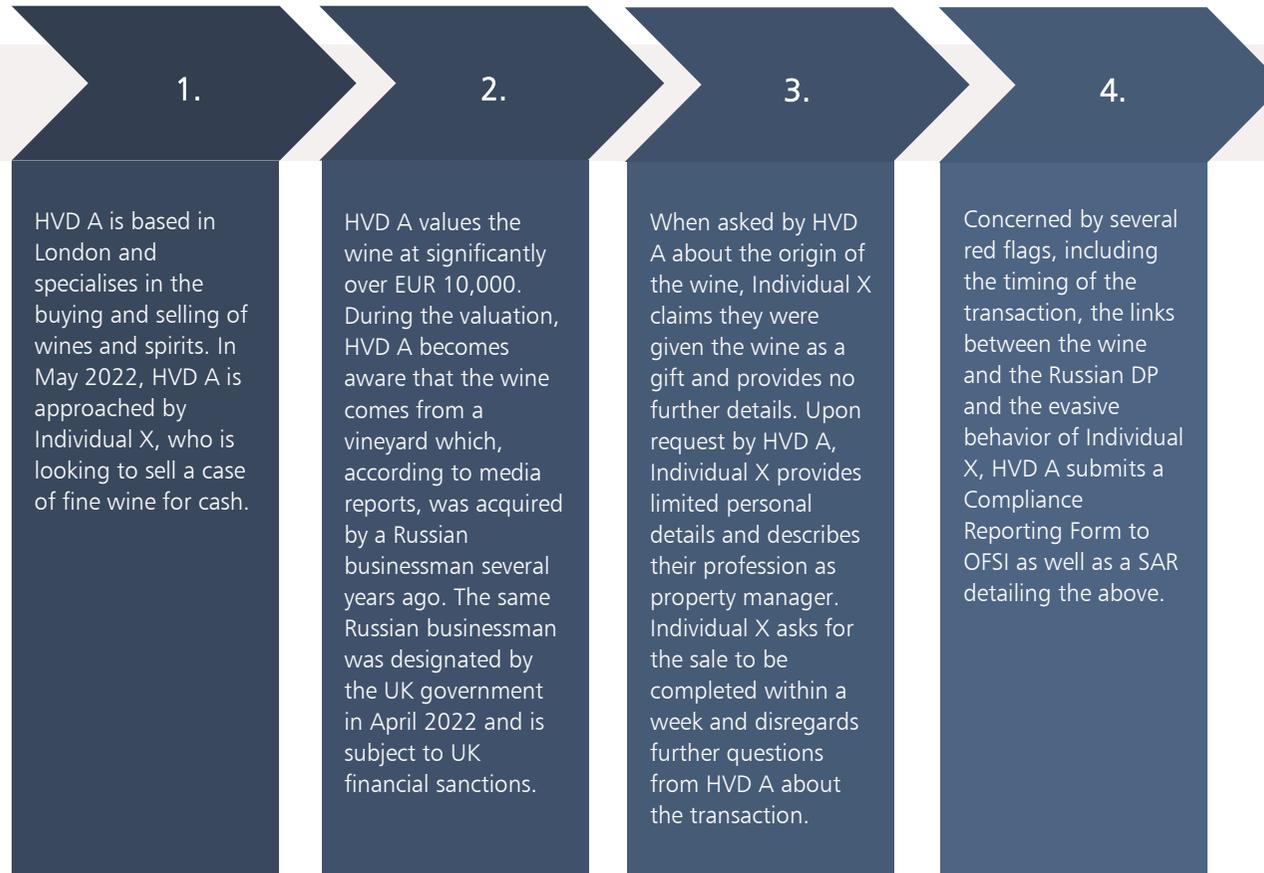


This timeline demonstrates the UK AMP's failure to disclose his client's links to terrorism, despite clear evidence of these connections being available in the public domain, as required under UK law. Further information regarding this case can be found [here](#)

It is worth noting that the offences above did not engage UK financial sanctions. The DP in question was not designated by the UK Government until April 2023 and sanctions-related reporting requirements for AMPs were not introduced until May 2025. However, now that both money laundering and financial sanctions reporting requirements apply to AMPs, this case underlines the importance of robust compliance in the sector.

CASE STUDY 2: UK HVD and Russian Enabler Activity

The case study below is fictional but draws on information available to OFSI. Building on the red flags above, this case study outlines circumstances which should trigger robust due diligence and, where relevant, a report to OFSI and/or through SARs by UK HVDs.



Further resources

This assessment highlights OFSI's ongoing commitment to proactively engage with stakeholders to ensure UK financial sanctions are properly understood, implemented and enforced in the UK. This publication is one in a series of sector-specific assessments by OFSI (OFSI's other threat assessments are available [here](#)). OFSI has also published (and will continue to publish) information on specific threats to UK financial sanctions compliance, including, for example, the advisory on North Korean IT workers (available [here](#)).

This assessment does not represent legal advice and should be read in conjunction with OFSI's guidance (available [here](#)). OFSI encourages AMPs and HVDs to review OFSI's sector-specific guidance for AMPs and HVDs, available [here](#), in addition to the HVD and AMP factsheet, available [here](#). For detailed instructions on how to submit a report to OFSI, please refer to OFSI guidance, [here](#).

OFSI also encourages AMPs and HVDs to review other relevant sanctions-related publications:

- For AMPs, this includes: guidance from the Financial Action Task Force (FATF) on money laundering and terrorist financing risks in the art and antiquities market (available [here](#)); guidance from The British Art Market Federation, approved by HM Treasury (available [here](#)); the NCA's Amber Alert for AMPs and financial crime vulnerabilities, available [here](#); and money laundering supervision guidance from HMRC, available [here](#).
- For HVDs, OFSI encourages reviewing HMRC's money laundering supervision guidance (available [here](#)) in addition to HMRC's guidance on the HVD risk landscape and when to take action (available [here](#)).



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