Financial Sanctions: changes as a result of the end of the Brexit transition period

General Features

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Members need to be aware of the changes to the financial sanctions arising as a result of the end of the transition period and their impact on carrying out anti-money laundering client due diligence.

The UK's sanctions framework changed as from 11pm on 31 December 2020 when the transition period came to an end. Sanctions are now imposed through UK regulations (The Sanctions and Anti-Money Laundering Act 2018) rather than EU regulations.

The main change for members to be aware of is that those subject to sanctions will in some cases have changed. The Office of Financial Sanctions Implementation (OFSI) will continue to maintain the consolidated lists of financial sanctions targets (see tinyurl.com/y9zhkxla). OFSI updates its list of financial sanctions targets regularly. You can subscribe to its free email service (see tinyurl.com/ycwb63sj) to receive an alert each time the list is updated.

In addition to updates to the sanctions lists themselves, OFSI have also updated the guidance on their website (see tinyurl.com/lzosdjd).

CIOT and ATT expect their anti-money laundering supervised firms to check the sanctions list as part of client due diligence and ongoing monitoring requirements. Firms should therefore ensure they are checking the current list. Our understanding is that electronic identity checks will automatically check the sanctions lists and alert users where the client name matches someone who appears on the list. The member will then need to check further to determine whether the client is the same individual as appears on the list and if they are should take action

as set out below.

Members should inform OFSI as soon as practicable if information is received in the course of business which leads them to know or reasonably suspect that a person is a designated person on the financial sanctions lists or has committed an offence under financial sanctions regulations. Members potentially need to cease to act and make a suspicious activity report to the NCA. Staff need to be made aware that they should report sanctions breaches to their money laundering reporting officer so they can take the necessary action. Note that financial sanctions reporting obligations are not met by the submission of a suspicious activity report and a report to OFSI must be made in addition.

Reports of frozen funds and economic resources, information regarding a designated person, and notifications of credits to frozen accounts should be emailed to: ofsi@hmtreasury.gov.uk.

Reports regarding suspected breaches should be submitted to OFSI using the form on GOV.UK (see tinyurl.com/y8lvnhvk).

Failure to comply with reporting obligations is an offence which may result in a criminal prosecution or a monetary penalty. If members have queries about financial sanctions or about anti money laundering requirements generally, they should contact the professional standards team by email (standards@ciot.org.uk or standards@att.org,uk)