Office of Financial Sanctions Implementation
HM Treasury

What are UK financial sanctions?

UK financial sanctions are legal restrictions imposed by the UK (sometimes originating from the UN) to achieve foreign policy or national security objectives, limiting access to financial markets, funds and economic resources.

- Common forms include – **asset freezes** – which prohibit dealing with or making funds/economic resources available to or for the benefit of a **Designated Person (DP)** (anyone named on the UK Sanctions List) or entities they control or own.
- Whilst overlap does exist between UK, EU, and US sanctions, they are **separate legal regimes**. Being compliant with one does not mean you are compliant with another. Always assess the sanctions exposure in every jurisdiction relevant to the transaction and seek legal advice where relevant.

! UK persons and entities are subject to UK sanctions regardless of where they are operating

Knowing where sanctions might impact your business can help you to take the right steps to protect it. Use this checklist to consider the measures that are appropriate for your business and the risks it faces.

- ✓ **Screen relevant stakeholders and beneficial owners against the UK Sanctions list**, not just the named entity – sanctions evasion sometimes operates through layered ownership.
- ✓ **Know your transaction**. Understand what funds are for and where they are going, not just who is involved. Firms should be able to demonstrate that they have identified their sanctions risks and taken reasonable, proportionate and effective steps to manage them.
- ✓ **Due diligence is not a one-time exercise.** Firms should conduct ongoing monitoring of business relationships to identify any changes in sanctions exposure.
- ✓ **Check for licence requirements.** In certain circumstances, OFSI may grant a licence permitting activity that would otherwise be in breach of financial sanctions prohibitions. You can apply for a licence online via the OFSI website.

Who do UK financial sanctions apply to?

- ! All UK persons and companies wherever they are in the world
- ! All individuals and legal entities who are within or undertake activities within the UK's territory
- ! UK firms with overseas operations remain subject to UK financial sanctions obligations
- ! UK sanctions generally extend to the Crown Dependencies and Overseas Territories. Check the relevant jurisdiction's legislation and guidance

UK Government

What happens if I don't comply?

Anybody in breach of UK financial sanctions can be subject to:

- ! **Significant monetary penalties**
- ! **Criminal prosecution** which can lead to a term of up to 7 years imprisonment
- ! **OFSI can also publish details of breaches publicly** – reputational consequences are real and separate from financial penalties
- ! **Civil penalties on a strict liability basis** meaning you may be liable even if you did not know or had no reasonable cause to suspect that a breach had occurred

Have information you'd like to share?
Scan the QR code to submit a confidential report

Firms operating in higher risk environments should educate themselves fully on the risks, including by engaging with OFSI's published guidance, and seeking professional advice on their sanctions obligations where necessary, including where multi-jurisdictional issues arise.

- → **You may be subject to local sanctions regimes too** – make sure you check for legal advice in the jurisdiction you are operating in
- → **EU, US, and other sanctions may apply to your counterparties even if UK sanctions do not** - while a transaction may be UK-compliant, it may face restrictions from another jurisdiction that lead a correspondent bank to not process it
- → **Regardless of local sanctions laws, UK persons are not exempt from UK sanctions obligations** – check UK guidance and seek advice

Want to keep up to date?
Scan the QR code to sign up to UK sanctions alerts