

Chapter 7

Sanctions and asset freezes



7.1 Introduction

- 7.1.1** G **Who should read this chapter?** All firms are required to comply with the UK’s financial sanctions regime. The *FCA*’s role is to ensure that the firms it supervises have adequate systems and controls to do so. As such, this chapter applies to **all firms** subject to the financial crime rules in ■ **SYSC 3.2.6R** or ■ **SYSC 6.1.1R**. It also applies to **e-money institutions and payment institutions** within our supervisory scope.
- 7.1.2** G Firms’ systems and controls should also address, where relevant, the risks they face from weapons proliferators, although these risks will be very low for the majority of *FSA*-supervised firms. ■ **FCG 7.2.5G**, which looks at weapons proliferation, applies to **banks carrying out trade finance business** and those engaged in other activities, such as **project finance** and **insurance**, for whom the risks are greatest.
- 7.1.3** G [deleted]
- 7.1.4** G Financial sanctions are restrictions put in place by the UK government or the multilateral organisations that limit the provision of certain financial services or restrict access to financial markets, funds and economic resources in order to achieve a specific foreign policy or national security objective.
- 7.1.5** G All individuals and legal entities who are within or undertake activities within the UK’s territory must comply with the EU and UK financial sanctions that are in force. All UK nationals and UK legal entities established under UK law, including their branches, must also comply with UK financial sanctions that are in force, irrespective of where their activities take place.
- 7.1.5A** G The Office of Financial Sanctions (OFSI) within the Treasury maintains a Consolidated List of financial sanctions targets designated by the United Nations, the European Union and the United Kingdom, which is available from its website. If firms become aware of a breach, they must notify OFSI in accordance with the relevant provisions. OFSI have published guidance on complying with UK obligations and this is available on their website. See <https://www.gov.uk/government/publications/financial-sanctions-faqs>.
- 7.1.6** G Alongside financial sanctions, the government imposes controls on certain types of trade. As part of this, the export of goods and services for use in nuclear, radiological, chemical or biological weapons programmes is subject to strict controls. Proliferators seek to gain access to this technology illegally:

aiding them is an offence under the Anti-Terrorism, Crime and Security Act 2001. Note that the Treasury can also use powers under the Counter Terrorism Act 2008 (see ■ FCG Annex 1) to direct financial firms to, say, cease business with certain customers involved in proliferation activity.