

# Financial Sanctions General Guidance

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**Isle of Man**  
Government

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## 1. Who is involved in making and implementing financial sanctions?

The United Nations (UN) can impose financial sanctions through Resolutions passed by the UN Security Council. Those Resolutions require UN member states to implement them in domestic law. You can read more about the UN's work on financial sanctions on its [website](#).

The United Kingdom (UK) imposes financial sanctions, implemented through statutory instruments (UK regulations) made under the [Sanctions and Anti-Money Laundering Act 2018](#) (SAMLA).

The Isle of Man (IOM) implements financial sanctions under the following primary legislation –

### **Sanctions Act 2024**

- Provides the power to give effect to United Kingdom sanctions provisions and UK blocking provisions
- contains powers to impose civil penalties

### **Terrorism and Other Crime (Financial Restrictions) Act 2014**

- implements United Nations targeted financial sanctions concerned with terrorism and proliferation financing
- ensures that when a person or entity is listed/de-listed under UN sanctions that relate to terrorism (i.e. Al-Qaida, ISIL, the Taliban) or proliferation financing this has automatic effect in the Island.

You can find the Isle of Man legislation [here](#).

The Isle of Man Government Departments and agencies that are involved in financial sanctions are –

<b>Department/agency role</b>	
<b>Treasury (Customs and Immigration Division)</b>	Competent authority for implementing financial sanctions, trade sanctions and transport sanctions. Investigates and enforces breaches of financial and trade sanctions. Makes designations under TOCFRA 2014.
<b>Financial Intelligence Unit (FIU)</b>	Authority to whom reports of frozen accounts, designated persons & breaches must be made. Disseminates intelligence to relevant agencies and other countries concerning sanctions.
<b>Gambling Supervision Commission (GSC)</b>	Regulates gambling activity on the Island and undertakes compliance checks with regard to financial sanctions as part of the regulation and oversight of regulated businesses. Issues Anti-Money laundering guidance for the gambling sector.
<b>Isle of Man Constabulary</b>	Lead agency for terrorism and the financing of terrorism investigations. Investigates and enforces breaches of financial sanctions.

Department/agency role	
<b>Isle of Man Financial Services Authority (FSA)</b>	Regulates financial service businesses on the Island and oversees Designated Non-Financial Businesses and Professions in respect of Anti-Money Laundering and Countering the Financing of Terrorism. Issues Anti-Money laundering guidance and undertakes compliance checks with regard to financial sanctions as part of the regulation and oversight of regulated businesses.
<b>Department of Home Affairs</b>	Responsible for publication of the <a href="#">Anti-Money Laundering and Countering the Financing of Terrorism Code</a> , which places requirements on business in order to prevent money laundering, the financing of terrorism and the financing of proliferation.

## 2. Types of financial sanctions

Financial sanctions come in many forms as they are developed in response to a given situation. The most common types of financial sanctions used in recent years are –

- **Targeted asset freezes:** these apply to named individuals, entities and bodies, restricting access to funds and economic resources
- **Restriction on a wide variety of financial markets and services:** these can apply to named individuals, entities and bodies, specified groups, or entire sectors. To date these have taken the form of –
  - investment bans
  - restrictions on access to capital markets
  - directions to cease banking relationships and activities, requirements to notify or seek authorisation prior to certain payments being made or received
  - restrictions on the provision of financial, insurance, brokering or advisory services or other financial assistance.
- **Directions to cease all business:** these will specify the type of business and can apply to a specific person, group, sector or country.

### Other types of sanctions

There are other forms of sanctions which may be imposed in addition to financial sanctions. Examples include –

- arms embargoes: prohibition on the export of military and paramilitary equipment
- controls on the supply of dual-use items (i.e. those that have both a civilian and potential military or weapon of mass destruction (WMD) use), including supplies of technology
- import/export or trade embargoes: involving specific types of goods (e.g. petroleum products), or their movement using aircraft or vessels, including facilitating such trade by means of financial or technical assistance, brokering, providing insurance etc
- measures designed to prevent the proliferation of WMDs
- visa and travel bans.

### 3. Sanctions Lists

The sanctions lists you should refer to are those maintained by the UK Government –

#### 1) the UK Sanctions List

The UK government publishes the [UK Sanctions List](#), which provides details of those designated under regulations made under the UK Sanctions and Anti-Money Laundering Act 2018 (Sanctions Act). The list also details which types of sanctions measures apply to these persons or ships (e.g. asset freeze, travel ban, port entry ban, prevention of business arrangements etc.), and in the case of UK designations, provides a statement of reasons for the designation.

#### 2) the Consolidated List of asset freeze targets

HM Treasury's Office for Financial Sanctions Implementation provides a [consolidated list of financial sanctions targets](#).

Please note that this list only relates to designated persons under financial sanctions, and does not include other sanctions designations such as trade and transport sanctions.

#### 3) the List of entities subject to capital market restrictions

This specifically relates to the Russia Sanctions regime. Sectoral financial and investment restrictions are in place which restrict specified activities. These include restrictions on dealing with transferable securities or money-market instruments and granting or entering into arrangements to grant loans or credit.

Russia: [list of persons named in relation to financial and investment restrictions](#)

#### 4) Proscribed organisation

An organisation may be proscribed ('banned') under the Island's Anti-Terrorism and Crime Act 2003. For the purposes of the Anti-Terrorism and Crime Act 2003, an organisation is proscribed if –

- a) it is listed in Schedule 2 to the Terrorism Act 2000 (an Act of Parliament), or
- b) it operates under the same name as an organisation listed in that Schedule.

The [list of proscribed organisations](#) is maintained by the UK Home Office.

#### Sanctions imposed by other jurisdictions

Businesses in the Isle of Man may also be affected by sanctions imposed by other jurisdictions or authorities. Regulations may be imposed on –

- citizens wherever they are located
- permanent resident immigrants, whether located inside or outside of that jurisdiction
- persons and entities in that jurisdiction
- persons and entities who trade in the specific currency
- bodies incorporated in that jurisdiction and their foreign branches.

In addition, in certain cases they can also apply to all foreign subsidiaries owned or controlled by that jurisdiction's companies, and foreign persons who are in possession of goods of that jurisdiction's origin.

In some cases those sanctions will correspond to those operating in the Island where they implement UN Security Council Resolutions but not all will. International sanctions do not have any legal effect in the Island.

However, businesses need to be aware of other jurisdiction's sanctions, because if found to be in breach of these sanctions they could face severe commercial problems and/or penalties for individuals, or adversely affect any commercial interests in that jurisdiction. Furthermore, should a person or entity be listed by another jurisdiction this may be a reason to undertake enhanced customer due diligence in relation to any proposed transaction involving them and to submit a suspicious activity report to the Financial Intelligence Unit (FIU).

### **Using the Sanctions Lists**

The Sanctions Lists contain a range of information to aid the identification of designated persons. For an individual this can include their –

- aliases
- date of birth
- passport details
- nationality
- last known address
- employment or role.

You may find that the name of an individual or entity you are dealing with matches one or more entries on the Sanctions Lists. This is known as a name match. However, it does not necessarily mean that the individual or entity you are dealing with is the same one on the list. If you are satisfied that the person or entity is not the same as the one on the list, you do not need to take further action.

If the individual or entity you are dealing with matches all the information on the Sanctions Lists, this is likely to be a target match.

If having consulted the Sanctions Lists you are still unsure on whether you have a target match, you can contact the Treasury for assistance.

## Examples of name and target matches

<b>Situation</b>	<b>Assessment</b>
You have a name match for a person who is listed as a Syrian general, commanding troops in Syria at the start of the civil war. However, the person you are dealing with is aged 15 and was born in the UK.	Name match
You have a name match for an official from the Government of North Korea. However, the man you are dealing with is a retired teacher with a different date of birth. You've also carried out business with him over the last ten years.	Name match
<b>Situation</b>	<b>Assessment</b>
You have a close name match for a person subject to a terrorist asset freeze and they have a similar date of birth but a different address.	Potential target match. You may have identified a new alias being used to circumvent financial sanctions.

What you are required to do next if you have a target match will depend on the specific sanctions that apply.

## 4. What do I need to do?

All persons in business or a profession in the Island, including financial institutions, must check whether they maintain any account, or otherwise hold or control funds or economic resources, for individuals or entities included in the lists.

If you suspect a person or entity is a match to a person or entity included in the UK Sanctions List, and you hold or otherwise deal with funds or economic resources of that person –

1. you must freeze the assets immediately
2. you must review the information you hold for that person against the UK Sanctions List to ensure you do not have a “false positive” identification (see section 8)
3. do not deal with those assets or make them available to, or for the benefit of the designated person unless –
  - you have a legal exemption
  - you have a licence
4. you must report the frozen assets to the FIU.

If you have a suspicion or knowledge that there has been a breach of sanctions law, or any attempted transactions that you have blocked, report your suspicions to the FIU.

If you are a relevant firm, you must have appropriate AML/CFT/CPF policies, procedures and controls in place to mitigate the risk of breaching sanctions law.

You must have appropriate procedures in place to be able to –

- determine if a customer is included on the UK Sanctions List
- know how to freeze an account if you have a sanctions match
- know how to report frozen assets or a suspicion to the Financial Intelligence Unit (“FIU”)
- know what to do if a person or entity is removed from the UK Sanctions List (“delisting”)

**Note:** determining if a customer is on the UK Sanctions List includes whether any corporate entity is owned or controlled, directly or indirectly, by a person on the UK Sanctions List.

You should also ensure that you and your employees have appropriate training and keep this up to date.

“Reasonable cause to suspect” refers to an objective test that asks whether there were factual circumstances from which an honest and reasonable person should have inferred knowledge or formed the suspicion.

An asset freeze does not involve a change in ownership of the frozen funds or economic resources, nor are they confiscated or transferred to the Treasury for safekeeping.

Any person, entity or body with information that would facilitate compliance with the sanctions Regulation(s) must supply such information to the Financial Intelligence Unit and co-operate in any verification of the information.



## 5. Reporting obligations

The financial sanctions regimes have two reporting components to them. The first is a general obligation that applies to everyone. The second is a more targeted obligation that applies to specified businesses and professions.

### General reporting requirement

There is a requirement for natural and legal persons, entities and bodies to supply the Financial Intelligence Unit ('FIU') as soon as practicable with any information that facilitates compliance with sanctions legislation.

This requirement applies to natural and legal persons, entities and bodies in the Isle of Man or under Isle of Man jurisdiction and not just to credit or financial institutions or to individuals working for them. If you are unsure of your reporting obligations, you should seek independent legal advice.

### Relevant Firm reporting requirements

'relevant firm' means –

- a) a business in the regulated sector within the meaning of Schedule 4 to the Proceeds of Crime Act 2008 (of Tynwald) (see in particular paragraph 2 of that Schedule)
- b) a person 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
- c) for the purposes of paragraph (a), the definition of "estate agent" in that Act is to be read as if references to the sale of proposed sale of land in section 15 of the Estate Agents Act 1975 included references to the sale or proposed sale of land outside the Isle of Man

If you are a relevant institution or relevant business or profession you must report to the FIU as soon as practicable if you know or have reasonable cause to suspect that a person –

- is a designated person
- has committed an offence under sanctions legislation

You are required to report this information, or other matter on which your knowledge or suspicion is based, if it came to you in the course of carrying on your business.

### Other reporting obligations

Your obligation to report to the FIU is in addition to any other reporting obligations you may have. These could include reporting required by your regulator (if you have one), or submitting Suspicious Activity Reports (SARs) to the FIU under the Proceeds of Crime Act 2008 or the Anti-Terrorism and Crime Act 2003.

<b>Examples of information to be reported</b>	
<b>A designated person or entity</b>	<p>A customer or client of yours is a known or suspected designated person or entity.</p> <p>As well as providing the FIU with any information you hold about the designated person or entity by which they can be identified, if the designated person is a customer or client you must also inform the FIU of the nature, amount, quantity of any funds or economic resources held on behalf of the customer or client, at the time this knowledge or suspicion arose.</p>
<b>Offences</b>	<p>Exact offences will depend on the relevant legislation, but can include:</p> <ul style="list-style-type: none"> <li>• making funds or economic resources available to a designated person or entity (except where an exception applies or under licence)</li> <li>• dealing with frozen funds or economic resources (except where an exception applies or under licence)</li> <li>• activities that circumvent an asset freeze</li> <li>• breaching licensing conditions</li> </ul>
<b>Funds and economic resources</b>	<p>You must include details of the nature, amount or quantity of any funds and economic resources held. Types of funds or economic resources can include but are not limited to:</p> <ul style="list-style-type: none"> <li>• Cash</li> <li>• Cheques</li> <li>• postal orders</li> <li>• crypto assets</li> <li>• bond futures</li> <li>• precious metals or stones</li> <li>• vehicles</li> <li>• antiques</li> </ul>
<b>Credits to frozen accounts</b>	<p>A relevant institution must inform the FIU immediately whenever it credits a frozen account: where it receives funds transferred to it for the purposes of crediting that account</p>
<b>A relevant firm does not need to inform the FIU when it credits an account with interest or other earnings.</b>	

## 6. How do I make a report?

Many businesses on the Island in the regulated sector will already be familiar with the FIU's online reporting system THEMIS. Those registered to use THEMIS should make their reports via this online system.

If you are not registered on Themis, please contact the FIU in the first instance.

### Reporting frozen assets

Include in your report –

- Value of the funds or economic resources
- Details of any accounts held, e.g. account numbers, policy references etc.
- Where funds or economic resources are located
- Ownership and control structures if applicable

All reports to the FIU involving a designated person should include their 'Group ID' reference number. The Group ID is a unique identifier for a designated person, which can be found in their entry on the Sanctions Lists.

### Financial Intelligence Unit (FIU) contact details

Telephone: +44 1624 686000

Email: [fiu@gov.im](mailto:fiu@gov.im)

Website: [www.fiu.im/](http://www.fiu.im/)

Address: Financial Intelligence Unit, PO Box 51, Douglas, Isle of Man, IM99 2TD

**Note:** The FIU does not take reports of crime - please report the matter to your local Police station or contact the [Economic Crime Unit](#).

### Legal professional privilege

The reporting requirements do not apply to information to which legal professional privilege is attached. However, it is expected that legal professionals carefully ascertain whether legal privilege applies, and which information it applies to. The Treasury may challenge a blanket assertion of legal professional privilege where it is not satisfied that such careful consideration has been made.

### Reporting offences

A relevant firm that fails to comply with its reporting obligations, as set out in the relevant legislation, will be committing an offence, which may result in a criminal prosecution.

## **7. The Treasury's powers to require information from you**

The Treasury has statutory powers to require you to produce specified documents and provide information for the purpose of –

- establishing the nature and amount or quantity of funds or economic resources, owned, held or controlled by or on behalf of a designated person
- establishing the nature and amount or quantity of funds or economic resources made available directly or indirectly to, or for the benefit of, a designated person
- establishing the nature of any financial transactions entered into by a designated person
- monitoring compliance with or detecting evasion of any provision of financial sanctions regulations including licensing and reporting conditions and obligations
- detecting or obtaining evidence of the commission of an offence.

For a complete list of the Treasury's powers to request information, please refer to the legislation underpinning each particular financial sanctions regime.

When requesting information from you, the Treasury will specify –

- the legislative basis for the request
- the time period within which the information is to be provided (although if no time period is specified, the information which has been requested must be provided within a reasonable time).

In some circumstances the Treasury may specify the manner in which the information should be provided.

Failure to comply with a request for information, including by failing (without reasonable excuse) to provide the information within the specified time (or, if no time has been specified, within a reasonable time), providing false information, destroying documents or otherwise intentionally obstructing the Treasury when exercising these powers is a criminal offence and may result in criminal prosecution.

### **Onward disclosure**

Information received by the Treasury shall be disclosed to third parties in accordance with provisions set out in the Information and Records part of regulations pursuant to the disclosure of information regulation. Any such disclosure must be in compliance with applicable data protection laws.

## 8. Record-keeping

Businesses should maintain records of any potential matches to names on sanctions lists, whether the match turns out to be a true match or a "false positive" (see below).

A business should, as a minimum, keep the following information about any match –

- the information or other grounds which triggered the match (e.g. a "hit" provided by screening software)
- any further checks or enquiries undertaken
- the sanctions regime(s) applicable
- the person(s) involved, including any members of compliance or senior management who authorised treatment of the match as a false positive
- the nature of the relationship with the person or entity involved, including attempted or refused transactions
- subsequent action taken (e.g. freezing of funds)
- if the Division, the FIU, FSA or other agency was consulted
- if the match was formally reported to the FIU.

### False positives

The term "false positive" refers to a situation where a diagnostic test, identification process, or system incorrectly indicates the presence of a particular condition, attribute, or item.

For example, in financial institutions conducting sanctions screening, a false positive may occur when a name on a sanctions list appears to match the name of a legitimate customer, leading to unnecessary scrutiny or disruption of normal business operations. Resolving false positives is important in order to ensure that compliance measures are accurate and effective without causing undue burden on innocent parties.

True matches are where there is no doubt that the person or entity involved is the target of the sanctions regime. However, there may be a potential or partial match where the name and/or some of the supporting identifying information appears to indicate that you have found a match.

The Treasury does not specify the precise nature of the further enquiries that a business should undertake to satisfy itself that the match is a false positive. However, the following points should be taken into account –

<b>Identifying Positive Name Matches:</b>	Regularly check for positive name matches against the Sanctions lists.
<b>Verification Process:</b>	Upon identifying a positive name match, take immediate and reasonable measures to verify and confirm that the customer/client is indeed the listed person or entity. Utilize information such as date of birth, place of birth, nationality, ID Card/Passport number, and entity details, ensuring accuracy.
<b>Avoiding False Positives:</b>	Cross-verify customer/client details against the information on the sanctions lists including the UN Consolidated List to avoid false positives. This step is crucial to prevent extreme measures against innocent persons or entities.

<b>Unfreeze assets:</b>	Where you have confirmed the match is a false positive, ensure any frozen assets are unfrozen in a timely manner in accordance with your procedures.
<b>Reporting Obligations:</b>	Please see Part 5 for details on what the reporting obligations are.
<b>Timely Submission of Reports:</b>	Timely reporting is critical in addressing and mitigating potential risks associated with funds or assets of listed persons or entities.
<b>Ongoing Monitoring and Compliance:</b>	Conduct regular checks against relevant sanctions lists to stay updated on any changes in listings. Maintain ongoing compliance with reporting requirements outlined by relevant sanctions committees and regulatory authorities.
<b>Documenting Verification Process:</b>	Record-keeping: Maintain thorough records of the verification process, including the steps taken to confirm or rule out a positive name match. This documentation is valuable for internal records and potential regulatory inquiries.
<b>Training and Awareness:</b>	Staff Training: Provide training to relevant staff members on the identification of positive name matches and the proper procedures for verification and reporting. Continuous Awareness: Foster a culture of continuous awareness regarding sanctions compliance and reporting obligations.

By adhering to these guidelines, reporting entities can effectively manage positive name matches, ensure accurate verification, and fulfill their reporting obligations in a timely and comprehensive manner. Regularly review and update procedures to align with any changes in sanctions regulations.

## 9. Ownership and control

If a person is a designated person their name will be recorded on the Sanctions Lists. An asset freeze and some financial services restrictions will apply to entities (meaning a body of persons corporate or unincorporated, or any organisation or association or combination of persons) that are owned or controlled, directly or indirectly, by a designated person. Those entities may not be designated in their own right, so their name may not appear on the Sanctions Lists. However, those entities are similarly subject to financial sanctions.

### What does "Ownership and Control" mean?

An entity is owned or controlled directly or indirectly by another person in any of the following circumstances –

- the person holds (directly or indirectly) more than 50% of the shares or voting rights in an entity
- the person has the right (directly or indirectly) to appoint or remove a majority of the board of directors of the entity
- it is reasonable to expect that the person would be able to ensure the affairs of the entity are conducted in accordance with the person's wishes. This could, for example, include –
  - appointing, solely by exercising one's voting rights, a majority of the members of the administrative, management or supervisory bodies of an entity, who have held office during the present and previous financial year
  - controlling alone, pursuant to an agreement with other shareholders in or members of an entity, a majority of shareholders' or members' voting rights in that entity
  - having the right to exercise a dominant influence over an entity, pursuant to an agreement entered into with that entity, or to a provision in its Memorandum or Articles of Association, where the law governing that entity permits its being subject to such agreement or provision
  - having the right to exercise a dominant influence referred to in the point above, without being the holder of that right (including by means of a front company)
  - having the ability to direct another entity in accordance with one's wishes. This can be through any means, directly or indirectly. For example, it is possible that a designated person may have control or use of another person's bank accounts or economic resources and may be using them to circumvent financial sanctions.

If any of the above criteria are met, and the person who owns or controls the entity is also a designated person, then financial sanctions will also apply to that entity in its entirety (meaning these assets should also be frozen). The prohibitions on making funds or economic resources available directly or indirectly to a designated person, also prohibit making them available to an entity who is owned or controlled, directly or indirectly, by the designated person.

#### **Ownership and Control example relating to entities**

For example, **Entity X** is not listed on the Sanctions Lists. However, your research shows that the majority owner of **Entity X** is designated **Entity Y**.

As the ownership and control criterion has been met, **Entity X** is also subject to the same restrictions as designated **Entity Y**.

### **Ownership and Control example relating to individuals**

For example, **Person A** (an individual) is not listed on the Sanctions Lists. However, your research shows that **Person A** is a family member or friend of designated **Person B** and there is evidence to that **Person B** is using **Person A** to enter into transactions.

As **Person B** is in control of **Person A**, **Person A** is also subject to the same restrictions as designated **Person B**.

### **Minority interests**

If a designated person has a minority interest in another legal person or entity this does not necessarily mean that financial sanctions also apply to them as the ownership and control criteria may not have been met. It will be necessary to consider whether a designated person is in control e.g. because the affairs of the entity are conducted in accordance with the designated person's wishes. If they are, then the ownership and control criteria will be met.

You should remain vigilant to any changes in the stake held by the designated person in case it increases to greater than 50% (or they obtain a majority interest) at which point financial sanctions will also apply to that legal person or entity.

You should also consider whether a designated person is in 'control' of another legal person or entity (see below). Financial sanctions apply in this situation even where a designated person may only possess a minority interest.

### **Joint interests**

For the purposes of the asset freeze a designated person will be taken to own funds/economic resources even if they are owned jointly with another person, or where the designated person only owns part of them. Additionally, a designated person is taken to own funds/economic resources where the designated person's ownership consists of any interest (whether legal or equitable).

If two or more persons hold shares or rights jointly, each of them will be treated as owning those shares or rights. This also applies to joint arrangements where all holders of shares or rights exercise their rights jointly. In this case, all parties subject to the joint arrangement are considered as owning those shares or rights.

You should consider the above when evaluating the shares or voting rights an individual may have in an entity.

When the wording above applies, the jointly owned funds/economic resources should be frozen in their entirety.

### **Aggregation**

When making an assessment on ownership and control, Treasury would not simply aggregate different designated persons' holdings in a company, unless, for example, the shares or rights are subject to a joint arrangement between the designated parties or one party controls the rights of another. Consequently, if each of the designated person's holdings falls below the 50% threshold in respect of share ownership and there is no evidence of a joint arrangement or that the shares are held jointly, the company would not be directly or indirectly owned by a designated person.



It should be noted that ownership and control *also* relates to holding more than 50% of voting rights, the right to appoint or remove a majority of the board of directors and it being reasonable to expect that a designated person would be able in significant respects to ensure that the affairs of a company are conducted in accordance with their wishes. If any of these apply, the company could be controlled by a designated person.

## 10. Complex structures

The ownership and control (see section 9 for further details of what is meant by ownership and control) of a legal person or entity is particularly important where any assets, funds or economic resources are held, owned or controlled by means of complex legal structures or arrangements.

Particular attention should be paid to the following, which are the typical prohibitions relating to the freezing of funds and economic resources –

- 1) All funds and economic resources belonging to, owned, held or controlled, either directly or indirectly, by a natural or legal person, entity or body named in a list which has effect in the Island (including by a third party acting on their behalf or at their direction), shall be frozen.
- 2) No funds or economic resources shall be made available, directly or indirectly, to or for the benefit of the natural or legal persons, entities or bodies named in a list, which has effect in the Island.

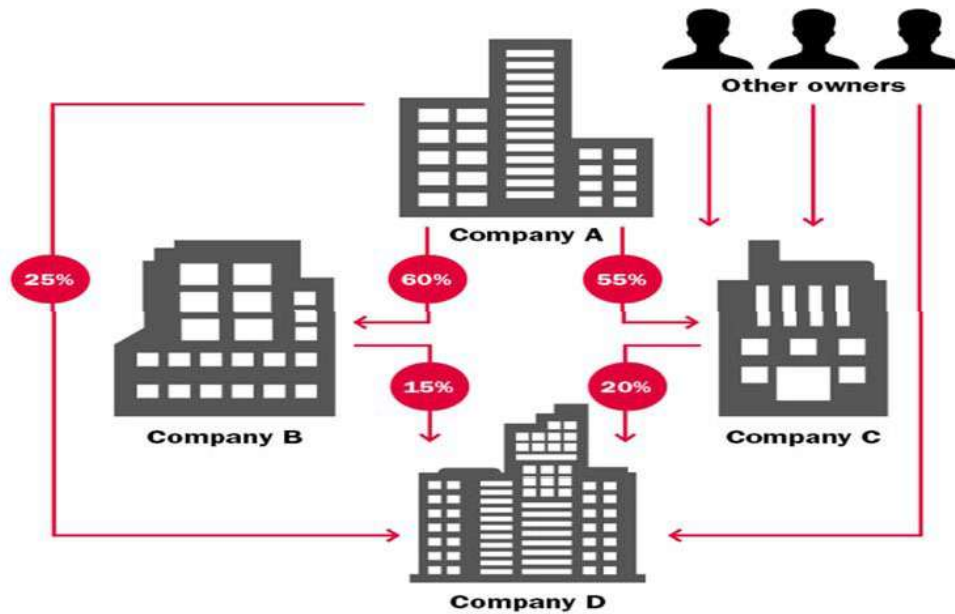
### Examples of complex structures

The following are examples of complex structures, and are by no means exhaustive.

It is your responsibility to ensure that you or your clients are not breaching financial sanctions legislation.

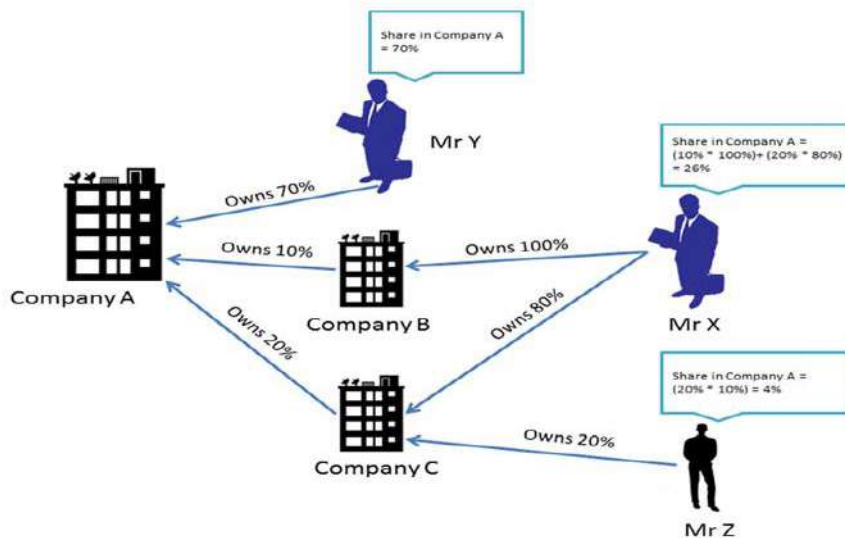
If you are not sure whether a structure you manage or are involved with is subject to any financial sanctions, seek advice from the Division.

### Example 1



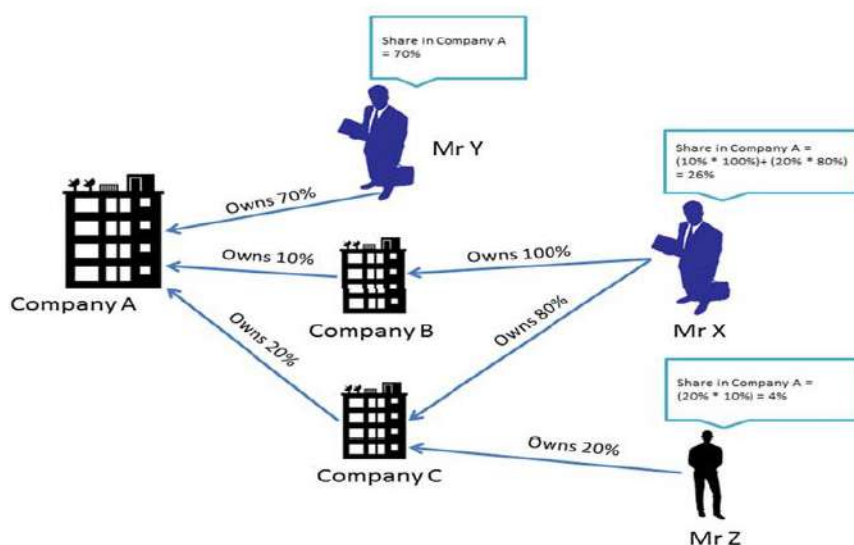
Company A has the majority share interest in both Company B (60%) and Company C (55%). As a result, if company a is designated (included on a sanctions list), Company B and Company C are also sanctioned – even if they are not named on a sanctions list.

### Example 2



Mr Y is a sanctioned individual. He owns 70% of the shares in Company A. As a result, Company A is also sanctioned, even though the company is not named on a sanctions list.

### Example 3



Mr X is a sanctioned individual. Mr X owns 100% of the share interest in Company B and 80% of the share interest in Company C. As a result, both Company B and Company C are also sanctioned, even though they do not appear on the sanctions list. However, in this example, Company A is not sanctioned, as the share that Mr X has in Company A is only 26%, and therefore a minority interest.

However, you should remain vigilant to any changes in the stake held by Mr X in case it increases to greater than 50% (or they obtain a majority interest) at which point financial sanctions will also apply to Company A.

You should also consider whether Mr X is in 'control' of Company A (see section 9 for further details on 'control'). Financial sanctions apply in this situation even where Mr X only possesses a minority interest.

### Example 4

It is possible that a designated person may have control or use of another person's bank accounts or economic resources and may be using them to circumvent financial sanctions.

Examples could include a designated person registering assets in the name of associates or family members, or using non-designated persons' bank accounts to hold funds and facilitate transfers. Such actions may constitute a breach of the prohibitions or circumvention of financial sanctions and may result in a criminal prosecution.

### What to do if your structure is subject to sanctions

You should follow the same process described in section 4.

## 11. Exceptions and Licensing

A licence is a written permission from the Treasury allowing an act that would otherwise breach prohibitions imposed by financial sanctions.

Specific exceptions and licensing powers are contained in the individual sanctions regimes and can allow otherwise prohibited transactions and prohibited activity to take place in some circumstances.

An exception to a prohibition applies automatically in certain defined circumstances as set out in the regulations and does not require you to obtain a licence from the Treasury. Examples of exceptions to the financial sanctions prohibitions are given below.

### **Crediting frozen accounts**

Asset freezing legislation permits without a licence –

- a relevant firm to credit a frozen account with interest or other earnings due on the frozen account, so long as those funds are frozen immediately
- a person to transfer funds to a relevant firm for crediting a frozen account where the transfer is in order to discharge obligations that were concluded or arose before the date the person became sanctioned
- a relevant firm to credit a frozen account with payments from a third party, provided that the incoming funds are also frozen and that it informs the FIU of the transaction immediately without delay.

### **Independent person holding legal or equitable interest in frozen funds or economic resources**

The legislation creates an exception to allow independent persons to transfer their legal or equitable interests in frozen funds or economic resources to another person, where immediately before the transfer all the provisions of 1-4 below are present –

1. the independent person is not a designated person
2. the independent person holds the interest in the funds or economic resources
3. the independent person doesn't hold the interest jointly with a designated person, and
4. the independent person isn't owned or controlled, directly or indirectly by a designated person.

Further information about licences is available on the Sanctions Licences page of the Sanctions and Export Control website.

## **12. Removal from sanctions list (delisting)**

If a name is removed from a sanctions list this will be advised by news release published by the Division.

If a name is removed from a sanctions list, or the sanctions as a whole are lifted, any block of accounts or the freezing of funds or other economic resources is automatically removed.

However, any business which had involvement with any person or entity formerly on a sanctions list, or had blocked accounts or frozen accounts or other economic resources because of a sanctions measure, should preserve the record of their actions and details of the involvement, account and resources in case the Treasury, Constabulary or regulator wishes to inspect the record.

If advised of a delisting, or a repeal or other change that results in a block on an account, or the freezing of funds or other economic resources, to be lifted there is no requirement to inform the FIU of the action you have taken, unless the provisions of the Proceeds of Crime Act 2008 or the Anti-Terrorism and Crime Act 2003 apply.

### **Mistaken Identity**

If you believe that your assets have been frozen mistakenly, for instance as a result of mistaken identity, you should first contact the institution that froze your assets requesting an explanation, including a request that they identify whom they believe you are a target match for on the Sanctions Lists.

You may be able to refer the matter to the Isle of Man Financial Services Ombudsman Scheme if the institution is covered by this [scheme](#).

## 13. Challenging Designations

Those who are subject to financial sanctions can challenge their listing and request their delisting. The financial sanctions will remain in place while the challenge or request is being considered.

### UN listing

For UN listings under the ISIL (Da'esh) and Al-Qaida sanctions regime, a petition for delisting can be made to the UN Office of the Ombudsman to the ISIL (Da'esh) and Al-Qaida Sanctions Committee. For more information about the Office of the Ombudsman please see the [UN's website](#).

For all other UN Listings, a request should be sent to the UN focal point for delisting. More information about the focal point is available on the [UN's website](#).

Alternatively, if you are a UK resident or citizen (which for the purposes of UN listing includes an Isle of Man resident), you can petition the UK by submitting a Sanctions Review Request Form to the UK directly at [sanctions.reassessment@fcdo.gov.uk](mailto:sanctions.reassessment@fcdo.gov.uk) (see more below).

### UK listings

If you are a designated person (other than a person designated under a UN list), you, or a person acting on your behalf, have the right to request a revocation or variation of your designation. You may wish to request a revocation, for instance, if you believe that the reasons for your designation are incorrect, or a variation if, for instance, particular information associated with your designation, such as your date of birth, is incorrect. Other reasons for seeking a revocation could include if you believe your designation is inappropriate having regard to the purpose of the regime, or the likely significant effects of the designation, or it is incompatible with the Human Rights Act 1998.

For further information, including eligibility to apply for a variation or revocation of a designation, submitting a sanction challenge form and other information, consult the Foreign and Commonwealth Office guidance.

➔ [How to request a review or revocation of designation](#)

### Isle of Man designations under the Terrorism and Other Crime (Financial Restrictions) Act 2014

There are currently no persons or entities who are designated under the Terrorism and Other Crime (Financial Restrictions) Act 2014.

### OFAC Sanctions listings

Requests for delisting may be made to OFAC, in writing to the Office of the Director, including by email to [OFAC.Reconsideration@treasury.gov](mailto:OFAC.Reconsideration@treasury.gov)

## 14. Glossary

<b>Asset freeze</b>	<p>A type of financial sanction. Under an asset freeze it is generally prohibited to –</p> <ul style="list-style-type: none"><li>• deal with the frozen funds or economic resources, belonging to or owned, held or controlled by a designated person</li><li>• make funds or economic resources available, directly or indirectly, to, or for the benefit of, a designated person</li><li>• engage in actions that, directly or indirectly, circumvent the financial sanctions prohibitions</li></ul>
<b>Competent authority</b>	<p>Designated national authorities who implement financial sanctions. The Customs and Immigration Division of the Treasury is the competent authority for the Isle of Man.</p>
<b>Consolidated list</b>	<p>The list published by OFSI containing designated persons subject to financial sanctions.</p>
<b>Crypto assets</b>	<p>Statutory definitions of “funds” and “economic resources” are wide, as referenced above. Crypto assets are considered to be covered by these definitions and are therefore caught by the financial sanctions restrictions.</p>
<b>Customer Due Diligence</b>	<p>Has the same meaning as in the Anti-Money Laundering and Countering the Financing of Terrorism Code.</p>
<b>Dealing with economic resources</b>	<p>Generally means using economic resources to obtain funds, goods, or services in any way, including (but not limited to) by selling, hiring or mortgaging them.</p>
<b>Dealing with funds</b>	<p>Generally means moving, transferring, altering, using, accessing or otherwise dealing with funds in any way which would result in any change to their volume, amount, location, ownership, possession, character, destination or other change that would enable the funds to be used, including portfolio management.</p>
<b>Designated person</b>	<p>A person subject to financial sanctions.</p>
<b>Economic resources</b>	<p>generally means assets of every kind – tangible or intangible, movable or immovable – which are not funds, but may be used to obtain funds, goods or services. This includes but is not limited to –</p> <ul style="list-style-type: none"><li>• precious metals or stones</li><li>• antiques</li><li>• vehicles</li><li>• property</li></ul>
<b>Enhanced Customer Due Diligence</b>	<p>Has the same meaning as in the Anti-Money Laundering and Countering the Financing of Terrorism Code.</p>
<b>Exception</b>	<p>Generally found in financial sanctions legislation. An exception to a prohibition applies automatically in certain defined circumstances and does not require you to obtain a licence.</p>
<b>False positive</b>	<p>The situation where a person you are dealing with partially matches the details of a designated person on the Sanctions Lists. Unlikely to be a target match.</p>
<b>Financial assistance and processing payments</b>	<p>Financial services means any service of a financial nature, including (but not limited to) payment and money transmission services, charge and debit cards, travellers’ cheques and bankers’ drafts.</p>

<b>Funds</b>	<p>Generally means financial assets and benefits of every kind, including but not limited to –</p> <ul style="list-style-type: none"> <li>• cash, cheques, claims on money, drafts, money orders and other payment instruments</li> <li>• deposits with financial institutions or other entities, balances on accounts, debts and debt obligations</li> <li>• publicly and privately traded securities and debt instruments, including stocks and shares, certificates representing securities, bonds, notes, warrants, debentures and derivatives contracts</li> <li>• interest, dividends or other income on or value accruing from or generated by assets</li> <li>• credit, rights of set-off, guarantees, performance bonds and other financial commitments</li> <li>• letters of credit, bills of lading, bills of sale</li> <li>• documents showing evidence of an interest in funds or financial resources</li> <li>• any other instrument of export financing.</li> </ul>
<b>Goods</b>	Generally means items, materials and equipment.
<b>Licence</b>	A written authorisation from the Treasury permitting an otherwise prohibited act.
<b>Making available funds or economic resources, directly or indirectly, to a designated person</b>	If funds are made available (directly or indirectly) to a designated person, or economic resources are made available (directly or indirectly) that would likely be exchanged, or used in exchange, for funds, goods, or services, this may constitute a criminal offence.
<b>Making available funds or economic resources for the benefit of a designated person</b>	<p>If funds or economic resources are made available for the benefit of a designated person and they obtain, or are able to obtain, a 'significant financial benefit', this may constitute a criminal offence.</p> <p>In this case, 'financial benefit' includes the discharge, in whole or in part, of a financial obligation for which the designated person is wholly or partly responsible.</p>
<b>OFSI</b>	Office of Financial Sanctions Implementation. Part of HM Treasury and the UK's competent authority for implementing financial sanctions.
<b>Other financial restrictions</b>	Financial sanctions regimes may include other restrictions in addition to asset freezes. Where these exist, they will be listed in the individual regime guidance.
<b>Ownership</b>	The possession of more than 50% of the proprietary rights of an entity or having a majority interest in it. Includes both direct and indirect ownership.
<b>Person</b>	Can be a natural person (an individual), or a legal person, body or entity.
<b>Proscription</b>	An organisation proscribed ('banned') under the Anti-Terrorism and Crime Act 2003.
<b>Reasonable cause to suspect</b>	Refers to an objective test that asks whether there were factual circumstances from which an honest and reasonable person should have inferred knowledge or formed the suspicion.
<b>True Match</b>	The situation where the person you are dealing with matches the details of a designated person on the Sanctions Lists. Likely to be a confirmed match for that person.