



Jersey Financial
Services Commission



Government of
JERSEY

Overview of Jersey Sanctions regime

› Agenda

- › Financial Sanctions – Framework
- › Financial Sanctions – Operations
- › Targeted Financial Sanctions – Framework and Implementation
- › Sanctions Guidance



FINANCIAL SANCTIONS Framework



Dan Marcos
Interim Head of International Compliance
Ministry for External Relations



> Why are sanctions introduced?



> Breaches of international law and to restore peace and security:



- > Weapons of mass destruction
- > Invasion or destabilisation of another country
- > Terrorism
- > Repression of human rights
- > Electoral misconduct and dictatorship
- > Financial crime and corruption



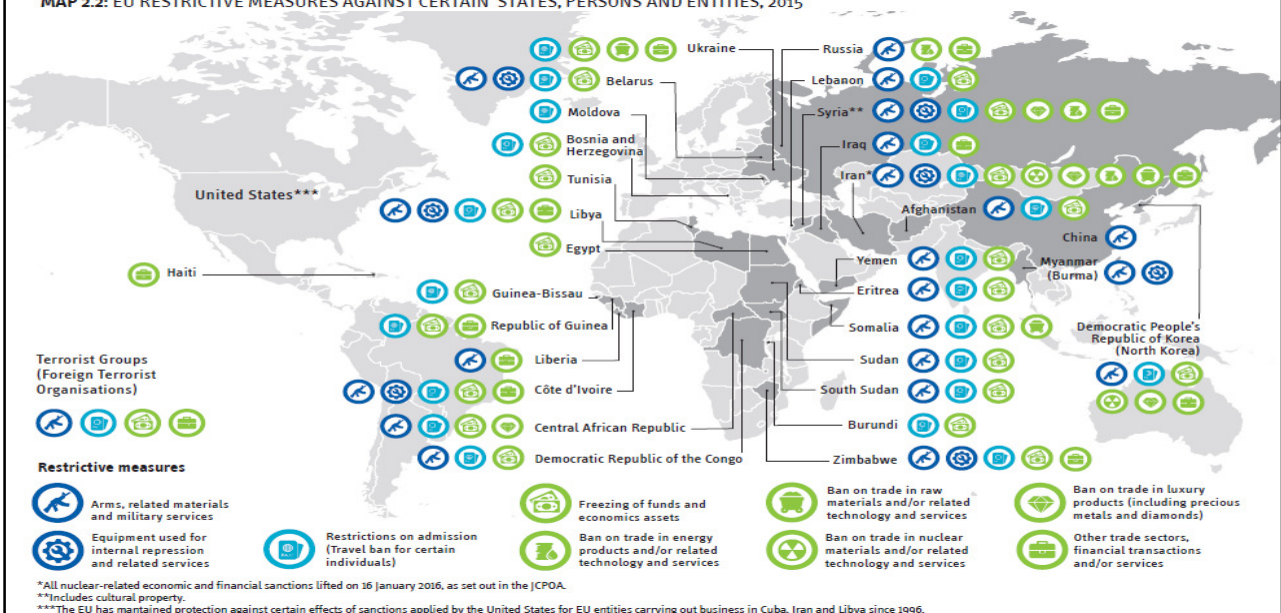
› Sanctions as a foreign policy tool

- › An enforcement tool when international peace and security has been threatened and diplomatic efforts have failed
- › Encourage a change in behavior of a country or regime
- › Apply pressure on a country or regime to get it to comply with set objectives
- › To prevent and suppress the financing of terrorism and terrorist acts



› EU Restrictive Measures

MAP 2.2: EU RESTRICTIVE MEASURES AGAINST CERTAIN STATES, PERSONS AND ENTITIES, 2015



› Wide range of prohibitions

Example – EU Legislation (Sanctions – Syria) Order 2014

- › Over 200 persons and 60 entities listed (i.e. designated persons)
- › Directly or indirectly providing technical assistance, brokering services, financing or financial assistance, including financial derivatives, related to military equipment, equipment that might be used for internal repression, oil, gas, jet fuel, jet fuel additives, gold, precious metals, diamonds, archaeological goods, construction of power plants, granting of loans or credit, insurance, computer software, banknotes, luxury goods
- › Knowingly and intentionally participating in activities to circumvent prohibitions



› Importance of sanctions for Jersey

- › Reputation for meeting international standards
- › Obligation to implement UN sanctions
- › Commitment to implement EU restrictive measures
- › International Finance Centre – large flow of funds and high number of financial transactions
- › Increasing scrutiny of effective sanctions implementation



› Importance of sanctions for the financial services industry

- › Essential part of international efforts against terrorism, repression and breaches of human rights, state aggression, and WMD proliferation
- › Global client base with international business interests
- › Effective implementation of financial sanctions
- › Financial and reputation implications
- › Legal obligation and penalties for non-compliance



› High Profile Cases involving European Banks

- › Failure to meet sanctions obligations landed European banks with significant fines and forfeitures. Examples below:
 - › Deutsche Bank agreed to pay \$258 million in 2015 to resolve allegations that it processed billions of dollars of banned transactions.
 - › In 2015 Commerzbank agreed to pay \$1.45 billion in relation to failures in its sanctions and money laundering programs.
 - › France's BNP Paribas SA agreed to pay nearly \$9 billion in June 2014.
 - › HSBC PLC penalised nearly \$2 billion in late 2012 for sanctions and money laundering non-compliance.



› How sanctions are implemented in Jersey



› New Legislation

- › United Nations Financial Sanctions (Jersey) Law 201-
 - › Requirement to implement UN sanctions ‘without delay’
 - › UN sanctions designations under new sanctions regimes will take effect more quickly
 - › UN sanctions designations under existing sanctions regimes will apply automatically in Jersey
 - › Increase in penalties

FINANCIAL SANCTIONS

Operations



› Notification of Suspected Breach

Article 29 of EU Council Regulation 36/2012 (Syria)

1. Without prejudice to the applicable rules concerning reporting confidentiality and professional secrecy, natural and legal persons, entities and bodies shall:
 - a) supply immediately any information which would facilitate compliance with this Regulation, such as accounts and amounts frozen in accordance with this Regulation, such accounts and amounts frozen in accordance with Article 14, to the competent authority in the Member State where they are resident or located, as indicated on the websites listed in Annex III, and shall transmit such information, either directly or through the Member States, to the Commission; and
 - b) cooperate with that competent authority in any verification of this information.
2. Any information provided or received in accordance with this Article shall be used only for the purposes for which it was provided or received.

- › Must inform the Minister for External Relations – legal obligation
- › ‘Supply immediately any information which would facilitate compliance with this Regulation’

externalrelations@gov.je



› Notification of Suspected Breach

Disclosure of suspected breach of financial sanctions

Please supply the Ministry of External Relations with as much information as possible regarding this suspected breach, including the names of the parties involved, relevant amounts, account names and numbers, and when this suspected breach was discovered.

Information provided as part of this disclosure shall be disclosed to third parties only in compliance with the Data Protection (Jersey) Law 2005.

For further information, to help you comply with financial sanctions, please see:
http://www.jerseyfsc.org/the_commission/sanctions/index.asp

Please email this form including any associated documents to externalrelations@gov.je

Date submitted	
Date breach/suspected breach discovered	
Name, address and contact details of reporter	
Reporter's role in the transaction	
Are you reporting a completed transaction or an attempted transaction?	
Which sanctions regime and, where known, which prohibition is suspected of being breached?	
Sender of funds i.e. name, address	
Remitting bank, location, and account name and number	
Receiver of funds i.e. name, address	

Receiver's bank, location and account name and number	
Payment route i.e. details of other intermediaries – names, addresses, account details	
Method of payment i.e. bank transfer, cash, cheques, money orders etc.	
Amount of transfer/attempted transfer	
Purpose of transfer, if known	
Other persons involved in the transfer, and their roles	
Which persons or entities involved in the events documented by this disclosure are aware that this disclosure is being made to the Ministry of External Relations?	
Any other relevant information	



› Licences

- › Derogations for otherwise prohibited transactions
- › Minister can only grant a licence if there are grounds to do so under the relevant EU Regulation
- › It is the responsibility of the applicant to set out grounds for granting of licence



› Licence application

PART 1 – UNDER WHICH REGIME IS THE LICENCE SOUGHT?

Name of regime in respect of which a licence is sought (Egypt, Eritrea, Syria, etc)	<input type="text"/>
URGENCY Please provide any details that may help us determine the urgency of the case (e.g. deadlines, impact on your business if a licence cannot be granted by a given date).	<input type="text"/>

PART 2 – DETAILS OF THE LICENCE APPLICANT

Date of application	<input type="text"/>
Name of applicant (Individual / Company Name etc)	<input type="text"/>
Are you/ is your company a "designated person" (that is, subject to an asset freeze), or owned or controlled by a designated person? <i>If so, please provide details</i>	Yes/No
Nature of business	<input type="text"/>
Address	<input type="text"/>
Contact Name	<input type="text"/>
Telephone number	<input type="text"/>
Email address	<input type="text"/>

PART 3 – ABOUT THE LICENCE SOUGHT

Licence required to release frozen funds or economic resources, or make them available, directly or indirectly, to or for the benefit of a designated person, to meet:	<input type="checkbox"/>
Basic expenses of the designated person or his or her dependent family members	<input type="checkbox"/>
Reasonable professional fees and reimbursement of incurred expenses associated with the provision of legal services	<input type="checkbox"/>
PLEASE TICK WHICH EVER APPLIES (refer to the specific legislations)	
Fees or service charges for the maintenance of frozen funds or economic resources	<input type="checkbox"/>
Extraordinary expenses	<input type="checkbox"/>
Note: These grounds marked - are licensing grounds only relating to the release of frozen funds. Funds or economic resources cannot be made available to listed persons under these licensing grounds.	<input type="checkbox"/>
*Obligations due under a contract or agreement entered into, or an obligation which arose prior to the designation of the person or entity in question	<input type="checkbox"/>

*Obligations arising in connection with certain judicial, administrative or arbitral liens, decisions or judgments	<input type="checkbox"/>
Other (please specify, including relevant legislation reference)	<input type="checkbox"/>
Specify the legal basis for licensing – see note 4 (i.e. the relevant EU Regulation, article and paragraph)	<input type="text"/>
Please give the licence number(s) of any licence(s) already received by the applicant from any competent authority.	<input type="text"/>

PART 4 – OVERVIEW

Briefly outline the transaction, and your role in it. What is the prohibited act that the licence is for?	<input type="text"/>
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PART 5 – DETAILS OF THE TRANSACTION(S) CONCERNED

Date of originating contract.	<input type="text"/>
Date of the intended transaction(s).	<input type="text"/>
Description of funds, economic resources, goods, or services to be supplied or obtained.	<input type="text"/>
Are the goods or services for humanitarian purposes (e.g. delivering or facilitating the delivery of assistance, including medical supplies, food, the provision of electricity, or other humanitarian purposes)? <i>(If 'Yes' please explain the humanitarian purpose fully)</i>	Yes/No
Value of the goods or services to be supplied or obtained.	<input type="text"/>
Names of the parties to the contract.	<input type="text"/>
Seller / supplier	<input type="text"/>
Buyer / customer	<input type="text"/>
Agent / broker / other intermediary	<input type="text"/>



› Ministry of External Relations

› Contact details for general sanctions queries:

 externalrelations@gov.eg

 01534 440401

› Formal notifications and licence applications should be addressed to **the Minister for External Relations**

 externalrelations@gov.eg



Targeted Financial Sanctions

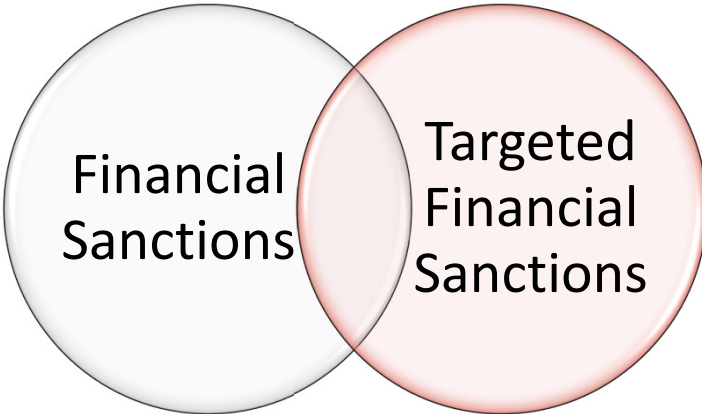
Framework and Implementation

Vladimir Jizdny
Senior Advisor
Financial Crime Policy



> Overview of scope of application

- Aim & Type
- Action
- Reporting
- Compliance
- Supervision



- Aim & Type
- Int. standards
- Action
- Reporting
- Compliance
- Supervision
- Proscribed org.
- Money Laundering & Weapons Dev. Law



› Targeted financial sanctions

- › Targeted Financial Sanctions (TFS) – the framework
- › TFS related to terrorism and terrorist financing
- › Key Sanction instruments
- › Relevant international standards
- › Compliance with international standards by Jersey
- › Compliance with TFS by the industry



› Targeted financial sanctions

- › means both asset freezing and prohibitions to prevent funds or other assets from being made available, directly or indirectly, for the benefit of *designated persons and entities*
- › *designated person or entity* refers to:
 - i. for the Al-Qaida/Taliban sanctions regimes,
 - a) individual, groups, undertakings and entities designated by UNSCRs 1267(1999) and 1989(2011), as being individuals associated with Al-Qaida, or entities and other groups and undertakings associated with Al-Qaida, and
 - b) individuals, groups, undertakings and entities designated as the Taliban prior to the date of adoption of resolution 1988(2011), as well as other individuals, groups, undertakings and entities designated by the Committee of the Security Council established pursuant to resolution 1988(2011), as being associated with the Taliban in constituting a threat to the peace, stability and security of Afghanistan; and
 - ii. Regarding the combatting of terrorism (UNSCR 1373(2001)), any natural or legal person or entity designated by countries or a supra-national jurisdiction pursuant to UNSCR 1373(2001).



› TFS related to terrorism and terrorist financing

› Jersey legislation

- › Terrorist Asset Freezing (Jersey) Law 2011
- › Terrorism (Jersey) Law 2002
- › Money Laundering and Weapons Development (Jersey) Law 2012
- › Money Laundering (Jersey) Order 2008
- › EU Legislation (Sanctions – Afghanistan) (Jersey) Order 2014
- › EU Legislation (Sanctions – ISIL (DA'ESH) and Al-Qaida) (Jersey) Order 2016
- › *Al-Qaida and Taliban (United Nations Measures) (Channel Islands) Order 2002*



› Compliance

› Financial sanctions

- › Statutory requirements & individual Sanction legislation
- › Code of Practice for regulated persons (e.g. deposit-takers and TCBs)
 - › Need to have proper systems and controls to comply with all relevant anti-money laundering legislation (which includes the EU Sanctions Orders)
- › Definition to determine persons or entities **owned** or **controlled, directly** or **indirectly**, by a designated person

› Targeted financial sanctions

- › Statutory requirements & individual Sanction legislation
- › Code of Practice for relevant persons (Handbook)
 - › Policies and procedures for taking action to comply with Terrorist Sanctions Measures
 - › All employees to be aware of their obligations
- › Definition to determine persons or entities **owned** or **controlled, directly** or **indirectly**, by a designated person



› Supervision: 2014 themed examination (banking)

› Areas needing improvements

- › Outsourced screening function to, and undue reliance on, the group function
- › Failing to consider financial sanctions risks
- › Staff training and awareness does not address financial sanctions risks
- › Only account holders screened (associates not included)
- › Re-screening of customers only at the periodic review/not comprehensive
- › Payment screening not properly calibrated

› Full report available from the [JFSC website](#)



› TFS - the time lag

› Two new individuals **added** by the UN Security Council Committee on **03 August 2016** to its Sanction List



[Home](#) › [SC/12472](#)

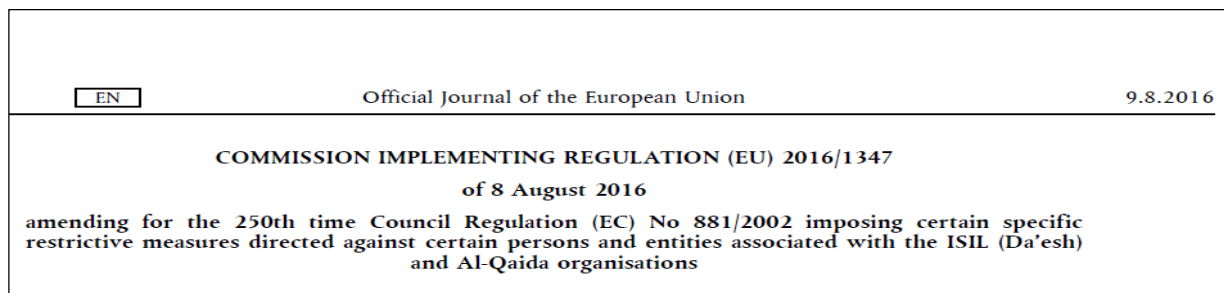
SC/12472

Date of press release:
3 August, 2016

Link to press release:
[Security Council ISIL \(Da'esh\) and Al-Qaida Sanctions Committee Adds Two Names to Its Sanctions List](#)

› TFS –the time lag

- › EU Council Regulation 2016/1347 giving effect to the change in the EU on **09 August 2016**
- › UK Treasury OFSI Notice issued on **09 August 2016**
- › UK Consolidated list amended on **09 August 2016**



› TFS – addressing the time lag

- › Legal obligations of the relevant persons – Money Laundering Order
- › Relevant persons need to actively monitor for TFS updates
 - › UN Sanctions notice page on the [JFSC website](#)
 - › Links to [UN's ISIL \(Da'esh\) & Al-Qaida Sanctions Committee](#)
 - › Links to [UN's Taliban Sanctions Committee](#)
 - › Link to the [UK's Consolidated List](#)
 - › Utilisation of automated screening systems



› TFS – common misconceptions

Statement	Reality
› No screening necessary as no customer money is held	› Regime applies to funds – defined as financial assets and benefits of every kind
› Firms that process low value transactions are exempt	› No threshold
› PEPs and designated persons are the same persons	› Not all PEPs are designated persons › Not all designated persons are PEPs
› Tipping off offence is committed if I freeze the funds	› In the public domain that funds will be frozen therefore no tipping off offence
› CDD measures sufficient for sanction checks	› Go some way but not far enough
› OFAC Sanctions applicable in Jersey	› Depends
› Sanctions apply to designated persons only	› Any person for the benefit of a designated person
› Applications for licences and reports of suspected breaches are made to the Chief Minister	› Minister for External Relations

Sanctions Guidance

Caroline Morgan
Senior Advisor
Financial Crime Policy



› Summary

› Government of Jersey

- › Develop legislation
- › Receive reports of suspected breaches
- › Issue licences on application and where grounds to do so

› Commission

- › Host guidance on website
- › Supervise for compliance with regulatory requirements
- › Needs to comply with sanctions legislation when completing its functions




› Guidance

› List by regime

- › Regime documents will be loaded over the coming month



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 Jersey Financial Services Commission

The Commission | Registry | Banking | Funds | Insurance | Investment Business | Trust Companies | Money Service Business | Anti-Money Laundering

Home > The Commission > Sanctions > by Regime

THE COMMISSION

By Regime
(under construction)

The following is a list by regime of sanctions currently in force (in whole or part).

For each jurisdiction a brief summary of the remit of each measure is provided but it does not provide an in depth historical background. Where possible, consolidated legislation has been referred to. Where amendments have been made since the production of a consolidated version, those amendments have been listed and the consolidated version should be read in light of those amendments. Please note that in respect of United Nations Orders, no consolidated version is available and it is necessary to read all amendments in addition to the original Order.

Where any of the legislation below lists designated persons, those persons listed should also appear on the UK Consolidated List. This page has been designed to aid understanding of the local sanctions measures in place in respect of a particular regime. To determine if a person is the target of sanctions it is recommended that the 'List By Person' page be used.

Every effort has been made to make the list of sanctions measures, implemented in Jersey below, as complete as possible at the time of publication. However, the list should not be relied upon as comprehensive, especially as sanctions measures are subject to change. Reference to this list is not a substitute for referring to the relevant legislation, but has been formulated in an effort to provide a helpful overview. Persons affected should seek their own legal advice. The Commission is not able to provide legal advice on sanctions matters.

• AFGHANISTAN	• NORTH KOREA
• AL-QAIDA	• REPUBLIC OF GUINEA
• BELARUS	• REPUBLIC OF GUINEA-BISSAU
• BURMA (MYANMAR)	• RUSSIA
• CENTRAL AFRICAN REPUBLIC	• RWANDA
• DEMOCRATIC REPUBLIC OF CONGO	• SOMALIA
• EGYPT	• SOUTH SUDAN
• ERITREA	• SUDAN
• HAITI (ONLY APPLIES TO HISTORIC BONDS)	• SYRIA
• IRAN	• TERRORISM & TERRORIST FINANCING
• IRAQ	• TUNISIA
• LEBANON	• UKRAINE
• LIBERIA	• YEMEN
• LIBYA	• ZIMBABWE

› Information Resources

› More information and guidance on sanctions

› Jersey

- › www.jerseyfsc.org/the_commission/sanctions
- › www.jerseylaw.je

› UK Treasury (OFSI)

- › www.gov.uk/government/organisations/office-of-financial-sanctions-implementation

› European Union External Service

- › http://eeas.europa.eu/topics/common-foreign-security-policy-cfsp_en

› United Nations

- › www.un.org/sc/suborg/en/sanctions/information

› US Treasury (OFAC)

- › www.treasury.gov/resource-center/sanctions/Pages/default.aspx



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