

Babbé LLP

Sanctions Update

This note is for information purposes only and is not intended to be legal advice.

As usual, we highlight below some of the important recent changes made to sanctions regimes across Europe, the UK and USA which may impact upon Guernsey businesses.

NB: Pursuant to Bailiwick Ordinances (giving effect to EU Regulations) and Orders in Council (giving effect to UN Security Council Resolutions), amendments to the lists of designated individuals or entities are automatically effective in Guernsey without the need for further domestic legislation.

AL-QAIDA/DA'ESH

- Council Regulation (EC) 881/2002, imposing financial sanctions against the ISIL (Da'esh) and Al-Qaida organisations, has been amended. HM Treasury has issued the relevant [Sanctions Notice](#). The full HM Treasury Consolidated List of Financial Sanctions Targets in respect of Al-Qaida & Da'esh can be viewed [here](#).

CENTRAL AFRICAN REPUBLIC

- The UK has added nine people and two entities to its [consolidated list of CAR sanctions targets](#) and so he is now subject to an asset freeze (see HM Treasury Notices of [18 May 2017](#) and [1 June 2017](#)).

DEMOCRATIC REPUBLIC OF CONGO

- Council Regulation (EC) 1183/2005 imposing financial sanctions against the Democratic Republic of the Congo has been amended to include nine additional targets. See HM Treasury's [Sanctions Notice](#) and the revised [consolidated list of DRC sanctions targets](#).

IRAN

- The US has renewed the sanctions relief on Iran per the JCPOA nuclear deal, which must be renewed every 4-6 months. New sanctions have also been imposed on two senior Iranian defence officials, one of whom is alleged to have facilitated the sale of explosives to Syria. Full details of the new designations can be viewed [here](#).
- Pakistan and Iran have agreed a trade-settlement mechanism between the two countries' central banks, intended to improve bilateral trade. This was largely due to the lifting of several US sanctions on Iran under the JCPOA last year.
- Iran has imposed sanctions on 9 US individuals and companies to facilitate asset freezes and to bar their employees from entering the country. The new listings are made in response to the US government's decision imposition of sanctions on Iran with respect to its ballistic missile programme.

MYANMAR

- The EU has renewed its sanctions against Myanmar for a further year, until 30 April 2018, imposing an embargo on providing the country with arms and goods that might be used for internal repression. See [Decision \(CFSP\) 2017/734](#) amending [Decision 2013/184/CFSP](#).

NORTH KOREA (DPRK)

- HM Treasury amended 22 entries on the DPRK [Consolidated List](#), details of which can be found in the [Financial Sanctions Notice](#) of 12 June 2017.
- By virtue of the United Nations and European Union Financial Sanctions (Linking) Regulations 2017, 18 entries have been added to the consolidated list and are now subject to an asset freeze. See HM Treasury's [Financial Sanctions Notice](#) for more information.

SYRIA

- HM Treasury issued a [Sanctions Notice](#) on 7 June 2017, adding 3 further individuals to the [Consolidated List](#) or targets subject to an asset freeze, and amending information pertaining to a further 38 individuals and 1 entity.
- The EU has renewed its sanctions on Syria for another year, until 1 June 2018. The entries for several listed people and entities have been amended. See [Council Implementing Regulation 2017/907](#) implementing [Council Regulation 36/2012](#) and [Council Decision 2017/917](#) amending [Council Decision 2013/255/CFSP](#).
- The General Court of the EU has annulled the sanctions listings of Ahmad Barqawi and Mouhamad Abdulkarim from the EU's sanctions on Syria. The Court held that the news articles and U.S government press releases cited by the Council were insufficient as evidence to establish a connection between the Syrian government and the companies in which the applicants held management roles. See [Cases T-303/15 Barqawi](#) and [T-304/15 Abdulkarim](#) for further details.

- The General Court of the EU has dismissed Rami Makhoul's annulment application on the basis that, as a cousin of President Assad, there is a proper basis for his designation. That is because the EU's sanctions now include influential businessmen in Syria and members of the Assad or Makhoul families as bases on which the EU can include people for designation. See [Case T-410/16 Makhoul v Council \[2017\]](#).

TURKEY

- Russia has agreed to lift most of the sanctions against Turkey, imposed after Turkey shot down a Russian plane near the Turkish-Syrian border in 2015.
- * The full HM Treasury Consolidated List of Financial Sanctions Targets can be viewed [here](#).

TERRORIST FINANCING

Chatham House (The Royal Institute of National Affairs) has published a [research paper](#) investigating the impact of banking restrictions and sanctions on UK-based NGOs. The paper considers the problems for NGOs and others involved in humanitarian aid of transfers of funds being blocked by banks cautious of potentially breaching sanctions.

NOTE: Persons who are the subject of such designations are automatically designated persons for the purposes of the *Terrorist Asset-Freezing (Bailiwick of Guernsey) Law, 2011* with immediate effect, and are therefore subject to the asset freeze and other prohibitions.

* HM Treasury's current List of Designated Persons: Terrorism and Terrorist Financing, most recently revised on [12 June 2017](#), can be viewed [here](#).

POST-BREXIT SANCTIONS

The House of Lords External Affairs Committee has postponed its inquiry into UK post-Brexit sanctions policy following the publication of a [white paper](#) by the UK's Foreign & Commonwealth Office (FCO). The paper focuses the consultation on the legal powers the UK will need to be able to continue imposing and implementing sanctions after it leaves the EU.

The UK government has also publicised its [response](#) to a report and recommendations by the House of Lords' EU Justice Committee on the legality of EU sanctions. Amongst other things, the government agreed that there should be an expedited correspondence procedure in cases of mistaken identities, and criticised the EU Court's closed material procedure (despite the fact that the government's recent White Paper proposes the introduction of closed material procedures in the UK, post-Brexit).

UNITED STATES SANCTIONS UPDATES

OFAC has made a number of recent changes to its "*Specially Designated Nationals*" (SDNs) list, most recently on [15 June 2017](#). The SDN List can be viewed in full [here](#).

The U.S has also taken the following action in recent weeks:

- Ali al-Safrani and Abd Zarqun, both based in Libya and allegedly financial facilitators and senior leaders of ISIL, as well as Algerian ISIL supporter and alleged weapons trafficker Hama Hamani, have been designated by OFAC as Specially Designated Global Terrorists. The Treasury's press release is [here](#).
- 2 Canadian citizens (Tarek Sakr and Farah Shirdon) have also been listed as Specially Designated Global Terrorists; Sakr for allegedly conducting sniper training in Syria and Shirdon for allegedly being a prominent ISIL fighter, fundraiser and recruiter. The State Department's press release is [here](#).
- OFAC has imposed sanctions on 271 Syrian individuals in response to the sarin attack on civilians on 4 April 2017. All of the newly-listed individuals are employees of Syria's Scientific Studies and Research Centre (a government agency that develops and produces non-conventional weapons). The new designations are one of the largest sanctions actions in OFAC's history. The OFAC press release is available [here](#).
- OFAC has sanctioned 3 Pakistan-based individuals and 1 entity, said to be involved in leading or financially supporting the terrorist organisations Jama'at ul Dawa al-Qu'ran, the Taliban, al-Qaida, and ISIL. See the U.S Treasury [press release](#) for further details.
- OFAC is publishing a Kingpin Act General License, known as [General License 4G](#). The purpose of this license is to authorise certain transactions and activities that would otherwise be prohibited pursuant to the Kingpin Act.
- OFAC has also published [Frequently Asked Questions](#) regarding petitions for removal from the SDN list.

Should you require any advice in relation to sanctions or other regulatory issues, please contact Babbé for assistance.



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