



# Sanctions

## Responsibilities and Obligations

Alva Mc Call

Deputy Director AML/CFT

BVI Financial Services Commission



# AGENDA

---

1. Sanctions Notices – FSC Responsibilities
2. Sanctions Notices – Licensees Responsibilities
3. Licensees Obligations When Dealing With Funds and Economic Resources
4. Measuring Adherence to Sanctions Obligations
5. Penalties for Non-Compliance with Sanctions Obligations

# Sanctions Notices – FSC Responsibilities

- Publication of Sanctions Notices on FSC Website
- Email notifications advising of new designations and de-listings
- Internal review of Notices to identify any possible designated persons



# Sanctions Notices – Licensees Responsibilities

- Check client list against the Sanctions list to determine if any clients or directors or BOs of clients appear on the Sanctions list
- If a match is found - freeze any assets being held for or on behalf of the client
- File a Compliance Reporting Form with the Office of the Governor
- File a SAR with the FIA where:
  - there is a suspected breach of the Sanctions Orders;
  - where a person, including a company, has conducted a reportable transaction
  - action has been taken in respect of a suspected breach of sanctions by a designated person/entity (including freezing of any assets)
  - action has been taken in respect of a de-listed person/entity, (including details of any assets which have been unfrozen)



# Sanctions Notices – Licensees Responsibilities

- When a designated person has been delisted licensees should:
  - ensure any assets frozen are unfrozen
  - the delisted entity or person is removed from the licensees list of sanctioned entities
  - the entity or person is notified that their assets have been unfrozen.



# Licensees Obligations When Dealing With Funds and Economic Resources

- To deal with funds or economic resources of, or on behalf of, a designated person, or a BVI company or other entity where the beneficial owner is a designated person a licensee **must** apply for a licence from the Office of the Governor to carry out such business
- Before filing any transactions in relation to a sanctioned entity or person the licensee should ensure it has obtained a licence from the Governor's Office and provide evidence of such to the Commission

**This includes for payment of annual fees and other expenses**

- The Commission will not process any transaction related to a sanctioned entity unless evidence of a licence has been submitted



# Measuring Adherence to Sanctions Obligations

- Desk-based monitoring and compliance inspection process
- Reviewing licensees' systems and controls to ensure proper practices and procedures are in place in relation to record keeping and performance of ECDD
- Reviewing licensees' implementation of the *Virgin Islands Sanctions Guidelines* and the effectiveness of this implementation





# Penalties for Non-Compliance with Sanctions Obligations

- Under the Overseas Territories Sanctions Orders, breaches carry a maximum penalty of:
  - up to seven years imprisonment on indictment
  - imprisonment for a term not exceeding six months or a maximum fine of UK £5,000 or its equivalent in US Dollars on summary conviction
- Criminal penalties may be separate and apart from other actions that may be taken specifically by the Commission under relevant financial services legislation including relevant AML/CFT laws (e.g. administrative penalties for breach of the AML Code and Regulations)





# International Sanctions Webpage

The screenshot shows the website for the British Virgin Islands Financial Services Commission (FSC). The header includes the FSC logo and navigation links: Home, Careers, Contact Us, and Holiday Closures. A search bar is located in the top right. Below the header, a secondary navigation menu lists: About Us, Regulated Entities, AML/CFT, Sandbox, International Sanctions, Library, News, and Annual Returns. The main content area is titled "International Sanctions" and features a sidebar with a list of links: Amendments to the UK and OT Sanctions Regime Post Brexit, About Sanctions, British OT Sanctions Orders in Force/Legislative Framework, Applicable UK Regulations / Legislative Framework - Extended to the VI, Targeted Financial Sanctions Consolidated List, Financial Sanctions Notices, UK Sanctions List, Sanctions By Regime, Guidance and Forms, Sanctions Guidance, Public Notices and Updates, and Training and Media. The main content area has a breadcrumb trail: Home \ International Sanctions \ About Sanctions. The primary heading is "About Sanctions". Below it is a sub-heading "What are Sanctions?" followed by a paragraph: "Sanctions are restrictive measures that are put in place by the United Nations Security Council, European Union (EU) Council, the United States, and other countries in the international community to achieve a specific purpose, such as to respond to a particular circumstance. It may include asset freezes; trade sanctions, including import and export restrictions; and immigration sanctions, known as travel bans. Sanctions may be imposed to restrict access to financial services or restrict access to financial exports." Below this is another sub-heading "Why are Financial Sanctions Imposed?" followed by a paragraph: "International sanctions measures, including targeted financial sanctions, are generally imposed on individuals, entities or regimes to:". A list of reasons follows: 

- **Coerce** a regime, or individuals within a regime, to change their behaviour by increasing the cost on them to such an extent that they are deterred from continuing their behaviour;
- **Constrain** a target by denying them access to financial resources, trade and exports.

 A right-hand sidebar contains a list of links: Amendments to the UK and OT Sanctions Regime Post Brexit, About Sanctions, British OT Sanctions Orders in Force/Legislative Framework, Applicable UK Regulations / Legislative Framework - Extended to the VI, Targeted Financial Sanctions Consolidated List, Financial Sanctions Notices, UK Sanctions List, Sanctions By Regime, Guidance and Forms, and Sanctions Guidance, Public Notices and Updates. The FSC logo is visible in the bottom right corner of the page.



**Sanctions**

**Responsibilities and Obligations**

**Questions?**