

SANCTIONS SCHOOL

Sanctions and Anti-Money Laundering Act 2018 (SAMLA) the types of sanctions and designation

When the UK voted to leave the EU, it needed to set up an autonomous sanctions framework so that it could manage its UN obligations and maintain those sanctions which the UK wished to impose over and above those set at a UN level.

The primary act for UK sanctions is the [Sanctions and Anti-Money Laundering Act 2018](#) (SAMLA).

Individual regimes are then enacted under **Statutory Instruments (SIs)** (secondary legislation) which will set out the specific prohibitions relevant to that regime. SAMLA sets out the legal powers to introduce sanctions, and then the SIs go into more detail for each regime.

While UK sanctions have a common framework, the resulting Statutory Instruments are not identical and each regime needs to be understood in its own right. **The UK currently has 35 regimes**, some such as Russia, North Korea, Terrorism and Human rights are quite well known. Others such as Mali, Guinea, and Burundi are much lower key and subject to less frequent updates.

Sanctions fall into regime (or country) based such as Syria, crime based such as terrorism, or thematic such as Global Human Rights. Whichever style they are, all UK sanctions are made within the framework of SAMLA.

SAMLA sets out six types of sanctions that the UK can impose **and gives eleven reasons**, under section 1 (Power to make sanctions regulations) for the imposition of those sanctions.

The UK Finance sanctions school is free to everyone and builds knowledge and understanding of the international sanctions environment.

Year 1 materials cover the foundations of what sanctions are, their history, what types of sanctions are imposed, the key regulators for UK based companies and the licences, reporting, and enforcement that sanctions programmes have.

This is lesson 3 of 12, which covers the UK Sanctions and Anti-Money Laundering Act 2018, and the types of sanctions that the UK imposes. The other lessons, tests and the end of year exam are available on the [UK Finance website](#) along with links to accompanying podcasts for each lesson.

Types of sanctions

Financial sanctions

Financial sanctions cover a number of areas and this will vary depending on the particular regime and the prohibitions included in the relevant Statutory Instrument.

The requirement to freeze funds that are owned, held, or controlled by a designated person is common. Typically known as 'Asset Freeze' these also contain a reporting requirement (see lesson 12).

There is a requirement to prevent funds or economic resources being made available to, or for the benefit of a designated person, or to receive funds or economic resources from a designated person.

Statutory instruments, such as the 'Russia (Sanctions) (EU Exit) Regulations 2019' also contain additional financial sanctions which prohibit investments, loans and credit arrangements, restrictions on correspondent banking relationships, and restrictions on transferable securities.

Immigration sanctions

Immigration sanctions are often referred to as a Travel ban or Visa restriction. These are measures that prevent the designated person from travelling to the UK and are covered under the Immigration Act 1971.

IT IS VERY COMMON TO SEE A COMBINATION OF ASSET FREEZE/TRAVEL BAN APPLIED TO A DESIGNATED PARTY

Trade sanctions

TRADE SANCTIONS ARE THE MOST COMPLEX AREA FOR SANCTIONS

They have a very close link with **export controls** and there is much overlap between the two.

Trade sanctions may impose limits on the value of items, such as 'cigars that cost over £10' being subject to trade sanctions in the Russia SI.

Trade sanctions will typically set specific restrictions on goods such as electronics, technology, energy related goods, commodities, and luxury goods. Some regimes, such as Russia, contain very lengthy trade sanctions sections. Trade sanctions are covered in more detail in lesson 5.

Aircraft sanctions

These will have prohibitions that will ban the overflight, landing or servicing of specified aircraft. Aircraft sanctions have recently been added to the Belarus and Russia sanctions, taking the number of regimes including aircraft sanctions up to 5. (See lesson 6 for more information).

Shipping sanctions

Similar to the way that aircraft sanctions are imposed, shipping sanctions prevent specified ships from docking at ports, preventing ships from moving and powers to detain ships.

Other sanctions for purposes of UN obligations

The UN Security Council imposes sanctions and as a UN member the UK has a duty to impose these. Currently the UN has 14 active sanctions regimes. The UN sanctions are covered in more detail in lesson 7.

The 6 types of sanctions can be grouped into two categories:

TARGETED SANCTIONS

Targeted sanctions are those such as financial sanctions, shipping sanctions or immigration sanctions, where it is affecting those on a list. (For more information see lesson 10). Because the sanctions are list-based it is important for lists to be accurate, and so names and aliases are often on the list.

NON-TARGETED SANCTIONS

Non-targeted sanctions cover trade sanctions, which apply to everyone dealing with the sanctioned product.

Power to make sanctions regulations

In SAMLA, there are eleven purposes for which reason a sanction or sanction regime can be imposed. They are grouped into wider thematic categories below.

INTERNATIONAL OBLIGATIONS:

- for the purposes of compliance with a UN obligation.
- for the purposes of compliance with any other international obligation.

FOREIGN POLICY:

- further a foreign policy objective of the government of the United Kingdom
- promote respect for democracy, the rule of law and good governance.

SECURITY:

- further the prevention of terrorism in the United Kingdom or elsewhere.
- be in the interests of national security.
- be in the interests of international peace and security.
- promote the resolution of armed conflicts or the protection of civilians in conflict zones.
- contribute to multilateral efforts to prevent the spread and use of weapons and materials of mass destruction.

HUMAN RIGHTS:

- provide accountability for or be a deterrent to gross violations of human rights, or otherwise promote
 - i) compliance with international human rights law, or
 - ii) respect for human rights.
- promote compliance with international humanitarian law.

Designation of persons

Designated persons are set out in sections 9, 10, 11 and 12 of SAMLA.

Section 9 sets out that designations apply to section 3 (financial), section 4 (immigration), section 6 (aircraft), section 7 (shipping) and section 8 (UN obligations).

DESIGNATED PERSONS MAY BE DESIGNATED BY NAME OR BY A DESCRIPTION SPECIFIED BY THE MINISTER

Where the designated person is designated by name, section 11 sets out the criteria. **The designation can be made via the standard procedure, or via the urgent procedure** which was introduced by the Economic Crime (Transparency and Enforcement) Act 2022. The urgent procedure effectively allows the UK to fast-track listings made by the US, EU, Canada or Australia.

Where the designation is by description, section 12 sets out the criteria. The designation under s.12 can also be made via the standard procedure, or via the urgent procedure. **The urgent procedure effectively allows the UK to fast-track listings made by the US, EU, Canada or Australia.**

Owned and Controlled

Under section 11 (designation by name) SAMLA also provides for the concept of 'owned and controlled' under s.11(6). This allows for companies and individuals that are considered to be owned or controlled by a designated person, to be subject to the same sanctions measures as the named designated person.

Those captured under owned and controlled are not normally listed in their own right and this is a complex area for sanctions compliance. Owned and Controlled is set out in the statutory instruments and is common across the UK regimes. Owned and controlled is covered in more detail in year 2.

Glossary

SAMLA

– The Sanctions and Anti-Money Laundering Act 2018. The primary legislation that sets out the framework for UK sanctions legislation.

Statutory Instruments

– A form of legislation which allows the provisions of an Act of Parliament which was subsequently brought into force or altered without Parliament having to pass a new Act. Also called secondary, delegated or subordinate legislation.

Export Controls

– Are national level controls (e.g. licensing requirements) on the export and movement of controlled goods to all destinations

Regime

– A single set of sanctions restrictions set out in an SI. Often these have a country name as the title, such as the Russia regime which is titled 'The Russia (Sanctions) (EU Exit) Regulations 2019'. The sanctions regimes are NOT a complete embargo. Regime can also refer to the complete set of sanctions regulations under the context of regime as a system or ordered way of doing things

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