

1.2 Financial sanctions

Asset Freeze

The Regulations impose financial sanctions through a targeted asset freeze on designated persons and prohibitions on making funds or economic resources available. This involves the freezing of funds and economic resources (non-monetary assets, such as property or vehicles) of designated persons and ensuring that funds and economic resources are not made available to, or for the benefit of, designated persons, either directly or indirectly.

More information on financial sanctions can be found in the [Financial Sanctions guidance](#).

1.3 Trade sanctions

The Regulations impose trade prohibitions in relation to designated persons. These include prohibitions relating to:

- military goods and military technology (as specified in [Schedule 2 to the Export Control Order 2008](#))
- provision of technical assistance, armed personnel, financial services or funds, or associated brokering services where such provision enables or facilitates the conduct of armed hostilities.

Further detail on these trade prohibitions, including key terminology used, is explained below. Please have regard to the relevant legislation which contains full definitions of terms used herein.

Export of goods

The concept of "export" is set out in customs legislation, but is further detailed in the Regulations, which clarifies that "export" means export from the Isle of Man, but does not capture where goods are removed to the United Kingdom from the Isle of Man.

The export prohibitions in the Regulations covers export to a designated person as well as exports for the benefit of a designated person. This means that, even if the immediate consignee is not a designated person, the prohibition may still apply.

Exporters should check the ultimate end use of goods and may apply for a licence or contact the [Export Control Joint Unit \(ECJU\)](#) if they know or think the items may be used by or for the benefit of a designated person.

Supply and delivery of goods

Supply and delivery prohibitions in the Regulations prohibit a person from directly or indirectly supplying or delivering goods from a third country to, or for the benefit of, a designated person. Regulation 16(4) specifies that a third country is a country that is not the UK or the Isle of Man.

Making goods and technology available

Prohibitions in the Regulations on making goods or technology available (e.g. through a sale) includes directly or indirectly making them available to, or for the benefit of, a designated person.

Transfer of technology

Prohibitions in the Regulations on the transfer of certain technology include transfer to, or for the benefit of, a designated person.

The term 'transfer' means a transfer by any means (or combination of means), including oral communication and the transfer of goods on which the technology is recorded or from which it can be derived, other than the export of such goods.

Where military technology is contained within a good, it would be classified as a military good under the accompanying goods-related provisions. This includes information contained on USB memory devices, laptops, tablets and the like.

Technical assistance

The term 'technical assistance' in relation to goods or technology is defined in Regulation 14, which states that it means:

- technical support relating to the repair, development, production, assembly, testing, use or maintenance of the goods or technology, or
- any other technical service relating to the goods or technology

Prohibitions apply where the technical assistance relates to certain specified goods or technology.

The prohibitions apply to the direct or indirect provision of such technical assistance to, or for the benefit of, a designated person.

This means that, even if the person to whom you are providing the relevant technical assistance is not a designated person, the prohibition may still apply if the goods or technology to which the technical assistance relates are for the benefit of a designated person. Therefore, if you are providing technical assistance you should check the ultimate end use of the goods or technology to which the technical assistance relates and contact ECJU if you know or think the goods or technology may be used by or for the benefit of a designated person.

Financial services and funds related to goods and technology

'Financial services' refer to any services of a financial nature in many different forms including insurance and banking. Financial services include payment and money transmission services. The full definition of 'financial services' can be found in [Section 61 of the UK Sanctions Act](#).

'Funds' means financial assets and benefits of every kind, including cash, securities and interest. The full definition of 'funds' can be found in [Section 60 of the UK Sanctions Act](#).

Trade sanctions prohibitions on the provision of financial services and funds apply where they relate to certain specified goods or technology.

The prohibitions in the Regulations apply to the direct or indirect provision of financial services, and the direct or indirect making available of funds to, or for the benefit of, a designated person in pursuance of or in connection with an arrangement set out in Regulation 20(1). This captures arrangements related to the goods or technology controlled by the Regulations, for example an arrangement for the export of goods or the direct or indirect supply or delivery of goods.

The financial services and funds prohibitions also prohibit the direct or indirect provision of financial services or funds to anyone, where this is in pursuance of or in connection with

specific arrangements involving a designated person set out in Regulation 20(3). This captures arrangements the object or effect of which falls into one of the prohibitions, for example an arrangement for the export of goods to or for the benefit of a designated person.

Brokering services

The definition of 'brokering service' is set out in Regulation 14, which states that it means any service to secure, or otherwise in relation to, an arrangement, including (but not limited to):

- the selection or introduction of persons as parties or potential parties to the arrangement
- the negotiation of the arrangement
- the facilitation of anything that enables the arrangement to be entered into, and
- the provision of any assistance that in any way promotes or facilitates the arrangement

The Regulations prohibit the direct or indirect provision of brokering services where they relate to specific arrangements. Those arrangements are set out in Regulation 21.

Other service provisions

Certain other services are prohibited in the Regulations. These include the direct or indirect provision of services where such provision enables or facilitates the conduct of armed hostilities in Haiti.

As set out in Regulation 22, the direct or indirect provision of the following services to, or for the benefit of, a designated person is prohibited where such provision enables or facilitates the conduct of armed hostilities:

- (a) technical assistance
- (b) armed personnel
- (c) financial services or funds, or
- (d) brokering services in relation to an arrangement whose object or effect is to provide, in a non-IOM country any of the services mentioned in paragraphs (a) - (c).

For general guidance on export controls and trade sanctions, visit the [Export Control Joint Unit](#) website (the Isle of Man imposes the same export and trade controls as the UK).

1.4 Immigration sanctions

As described in section 1.1, the Regulations do not impose separate immigration sanctions on designated individuals. Such persons are already excluded persons for the purposes of Section 8B of the Immigration Act 1971 (as that has effect in the Isle of Man).

This means that those designated individuals will be refused leave to enter or remain in the UK/IOM. Any applications they make for a visa to travel to the UK/IOM, including for transit purposes, will be refused. Any foreign national who is subject to a travel ban under [UNSCR 2653](#), and who is currently in the UK/IOM, will have their permission to stay in the UK/IOM cancelled and steps will be taken to remove them.

If you are the subject of an immigration sanction and try to travel to the UK/IOM, carriers are required to deny you boarding.

Further information on [travel ban cases](#) can be found on the UK Home Office pages (the Isle of Man imposes the same immigration controls as the UK).

1.5 Information and record keeping

Part 6 of the Regulations places obligations on relevant firms (the definition of which is set out in the Regulations) to report information to the Treasury about known or suspected designated persons or about persons who may have committed an offence under specified provisions of the Regulations. The Treasury has designated the Financial Intelligence Unit (FIU) as the body to whom reports should be made, via [THEMIS](#).

It also grants powers to the Treasury to request information from, amongst others, a designated person, including powers to request the production of documents. It also establishes offences for failing to comply with these requests (including providing false information in respect of licences).

Part 6 also establishes information powers and record-keeping responsibilities in relation to the trade sanctions contained in the Regulations. It provides for offences for failing to comply with any of those requirements or intentionally obstructing an official in the exercise of those powers.

If you have obligations or responsibilities under Part 6 of these Regulations, it is important that you familiarise yourself with them. If you are unclear of your obligations or responsibilities, you are advised to seek independent legal advice.

2. How will these sanctions measures be enforced?

The Regulations make it a criminal offence to contravene the financial and trade sanctions, as well as to enable or facilitate a contravention of, or to circumvent any of the prohibitions in the Regulations. They also prescribe the mode of trial and penalties that apply to such offences. In some cases, offences related to contraventions of prohibitions in the Regulations are contained within other legislation, such as the Customs and Excise Management Act 1986.

2.1. Financial sanctions

Breaches of financial sanctions are a serious criminal offence. Any breach of the main financial prohibitions in the Regulations is an offence that is triable either way and carries a maximum sentence of 7 years' imprisonment or a fine (or both).

Committing an offence under regulations 31(6) or 35 (information offences in connection with financial sanctions under the Regulations) carries a maximum sentence of 6 months' imprisonment or a fine (or both).

The Treasury is responsible for monitoring compliance with financial sanctions and investigating suspected breaches.

The Treasury works with other parts of government, supervisory bodies and regulators to consider all cases reported to it, sharing relevant information accordingly.

If you find out that a person or organisation you are dealing with is subject to the financial sanctions detailed in the Regulations, you must immediately:

- stop dealing with them
- freeze any assets you are holding for them
- inform the FIU as soon as possible.

More detailed information on the Treasury's approach to compliance and enforcement can be found in the [Financial Sanctions Guidance](#).

2.2. Trade sanctions

Any breach of the prohibitions relating to the trade sanctions contained in the Regulations is triable either way and carries a maximum sentence of 10 years' imprisonment or a fine (or both).

The Treasury is responsible for enforcing the trade prohibitions and investigating suspected offences.

If you discover that you have breached any of the trade prohibitions, you should report the irregularity to the FIU as soon as possible.

You should provide:

- details of the export or transaction, including dates
- any relevant documents, such as export documentation and commercial invoices
- details of how the breach was discovered, why it occurred and what steps you have put in place to ensure it does not happen again.

3. Are there circumstances when I can get an authorisation or licence for a sanctioned activity?

Licensing and exception provisions are contained in Part 5 of the Regulations.

3.1 Exceptions

The Regulations set out exceptions to some of the sanctions prohibitions which apply within certain defined circumstances. An exception applies automatically, and does not require you to obtain a licence issued in accordance with the Regulations.

Regulation 25 establishes exceptions relating to financial sanctions including for the crediting of a frozen account by a relevant institution (any such interest and other earnings will be frozen in accordance with the relevant legislation underpinning the asset freeze). An exception also exists from the prohibition on making funds available to a designated person, when funds are transferred to a frozen account in discharge (or partial discharge) of an obligation which arose before the recipient became a designated person.

In regulation 26, there is also an exception to regulations 8 to 12 in respect of "relevant activities" (being any activity which would otherwise be prohibited by regulations 8 to 12) which are necessary to ensure the timely delivery of humanitarian assistance in Haiti, or to carry out other activities that support basic human needs in Haiti.

Regulation 27 establishes an exception to regulations 8 to 12 which provides that prohibitions are not contravened if conduct is authorised by a licence which is issued under the law of the Channel Islands or any British Overseas Territory for the purpose of disapplying a prohibition in that jurisdiction which corresponds to the relevant prohibition.

Regulation 28 also includes an exception in relation to any prohibition or requirement imposed by the Regulations for actions determined by a responsible officer to be in the interests of national security, or the prevention or detection of serious crime in the Isle of Man or elsewhere.

If you are unsure whether an exception applies in your circumstances, you are advised to seek independent legal advice.

3.2 Licensing for financial sanctions

Where a person is designated for the purposes of financial sanctions (asset freeze measures and making available provisions) contained in the Regulations, the designated person or a representative (on their behalf) may apply for a licence from the Treasury to use their funds or economic resources (non-monetary assets, such as property or vehicles). Schedule 2 to the Regulations sets out the purposes pursuant to which, or for which activities, the Treasury may grant an individual licence. In summary these are:

- basic needs
- reasonable professional fees for or reasonable expenses associated with the provision of legal services
- reasonable fees or service charges arising from the routine holding or maintenance of frozen funds and economic resources
- extraordinary expenses
- prior obligations

Further information on exceptions and licensing grounds can be found in the [Financial Sanctions Guidance](#).

3.3 Licensing for trade sanctions

The Regulations do not contain a power to issue licences in respect of trade sanctions. If you are engaging in trade with a designated person you are advised to undertake due diligence to ensure that you are not breaching the prohibitions in the Regulations.

When you export goods, you may need to submit an electronic export declaration via the National Export System (NES), part of the Customs Handling of Import and Export Freight (CHIEF) system. Guidance is available on [how to make an export declaration](#).

3.4 Overlap with strategic export licensing

Transit control

Certain goods transiting the IOM/UK are still regarded as being exported when they leave the country and are therefore subject to control. Article 17 of the Export Control Order 2008 includes a transit and transshipment exception meaning that in many situations a licence is not required. This exception does not apply to goods destined for Haiti, meaning that a licence is required to transit goods through the IOM/UK or to transship them in the IOM/UK with a view to re-exportation to Haiti.

3.5 Immigration sanctions

If you are subject to immigration sanctions the Home Office may direct, on a case by case basis, that the sanction does not apply in particular circumstances, such as for travel to, or through, the UK/IOM for a UN sponsored meeting.

4. Further Information

Sign up to receive [Notices to Exporters](#) for updates on trade sanctions.

To receive an email alerting you to any changes to the consolidated list of financial sanctions targets, you can [subscribe to the RSS feed for Customs and Excise news releases by copying and pasting this URL into your RSS feed reader or Microsoft Outlook RSS feeds folder](#). You can also view our [guidance on how to use RSS Feeds](#).