



ISLE OF MAN
FINANCIAL SERVICES AUTHORITY
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ISLE OF MAN FINANCIAL SERVICES AUTHORITY

SANCTIONS THEMATIC REPORT PHASE 1 – QUESTIONNAIRE

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The sanctions thematic will add to the Authority's wider AML/CFT evidential understanding and picture of risk



1 Glossary of Terms




<u>TERM</u>	<u>MEANING IN THIS REPORT</u>
AML/CFT/CPF	Anti-Money Laundering / Countering the Financing of Terrorism / Countering Proliferation Financing
Authority	The Isle of Man Financial Services Authority
BRA	Business Risk Assessment
Code	Anti-Money Laundering and Countering the Financing of Terrorism Code 2019
CRA	Customer Risk Assessment
Customs	Isle of Man Customs and Immigration Division
EU	European Union
Handbook	Anti-Money Laundering and Countering the Financing of Terrorism Handbook
HMT	His Majesty's Treasury
IOMCE	Isle of Man Customs and Excise
KYC	Know Your Customer
MINEFI	Ministry of the Economy and Finance (France)
ML/FT	Money Laundering / Financing of Terrorism
NRA	National Risk Assessment
OFAC	Office of Foreign Assets Control
PEP	Politically Exposed Person
Registered Person	Means a person registered under section 9 of the Designated Businesses (Registration and Oversight) Act 2015
Regulated	Refers to firms regulated under the Financial Services Act 2008, Insurance Act 2008 or the Retirement Benefits Schemes Act 2000
RSS	Really Simple Syndication
STRIX	The Authority's AML/CFT risk analysis system
TCSP	Trust and Corporate Service Provider
TRA	Technology Risk Assessment
UK	United Kingdom
UN	United Nations

2 Background

2.1 Executive Summary

The Authority is currently undertaking a **thematic project** involving supervised entities on the Island. This thematic is focusing on compliance with the Code requirements relating to sanctions.

The Authority's regulatory objectives are:

-  **Securing an appropriate degree of protection for policyholders, members of retirement benefits schemes and the customers of persons carrying on a regulated activity**
-  **The reduction of financial crime**
-  **The maintenance of confidence in the Island's financial services, insurance and pensions industries through effective regulation, thereby supporting the Island's economy and its development as an international financial centre**

A key part in achieving these objectives is the Authority's effective oversight and use of its supervisory functions, which encompasses undertaking supervisory inspections including thematic inspections and reviews. The planning for the thematic exercise commenced in 2023 and a press statement was published on the Authority's website in January 2024. Some of the key highlights are detailed as follows:

"The importance of awareness relating to both financial and non-financial sanctions is long established in AML/CFT legislation, albeit addition-



al focus has arisen in the last two years as a result of global conflict including the invasion of Ukraine and elsewhere. The thematic presents

a great opportunity to test and evidence how relevant persons are meeting their AML/CFT challenges in this area. In addition to increased engagement with firms during the project, we hope to discover and highlight some points of best practice that can be shared and fed back with the industry.

The project will add to the Authority's wider AML/CFT evidential understanding and picture of risk, building on from the work the Authority has recently seen with the foreign PEP, TCSP BRA and Accountancy profession CRA thematic projects."

2.2 Thematic Scope

The primary objectives of the Sanctions thematic are to review each firm's approach in relation to the identification and mitigation of sanctions risk by obtaining information from firms and to subsequently test procedures and controls to assess compliance with the requirements of the AML/CFT Code 2019.

The Authority aims to achieve this through two main stages: responses to the Phase 1 questionnaire will allow the Authority to collate and analyse the data to gauge an increased understanding of the Authority's

wider AML/CFT evidential understanding and picture of risk. Following Phase 1, the Authority will look to test selected firms' procedures and controls to assess understanding and compliance with the Code when it comes to identifying and mitigating sanctions risk.

During Phase 2, several Code paragraphs will be considered by the Authority when assessing compliance. This includes paragraphs 4, 5, 7, 8, 13, 30, 32; however, this is not exhaustive and other paragraphs of the Code may be considered where relevant.

2.3 AML/CFT Code 2019 - Sanctions Obligations

It is vital that relevant persons meet their Code obligations in relation to sanctions.

4 Procedures and controls

(1) A relevant person must not enter into or carry on a business relationship, or carry out an occasional transaction, with or for a customer or another person unless the relevant person —

(a) establishes, records, operates and maintains procedures and controls —

(ii) in relation to determining whether a customer, any beneficial owner, beneficiary, introducer or eligible introducer is included on the sanctions list.

13 Ongoing monitoring

(1) A relevant person must perform ongoing and effective monitoring of any business relationship or occasional transaction, including —

(c) monitoring whether the customer, beneficial owner, beneficiary, introducer or eligible introducer is listed on the sanctions list.

The “**sanctions list**” is defined in the Code as ‘the list of persons who are subject to international sanctions which apply in the Island which is maintained by the Customs and Excise¹ Division of the Treasury’. “Customs”.

Customs highlight the following on the **Government website**:

“Sanctions are prohibitions and restrictions on trade and services, which may be put in place by the United Nations (‘UN’) and at a national level by countries, acting alone or together with others, with the aim of maintaining or restoring international peace and security. They generally target specific individuals or entities, or particular sectors, industries or interests. They may be aimed at people in a particular country or territory, or some organisation or element within them. Sanctions may also impose restrictions on goods and services supplied to or from a country or territory. There are also sanctions to target those persons and organisations involved in terrorism, including Al-Qaida and ISIL.”



Procedures for ongoing monitoring in the context of sanctions lists should be capable of detecting when a customer involved in an existing business relationship or occasional transaction becomes designated on a sanctions list. Periodic or trigger event customer reviews may not be

adequate to detect such listings in a timely manner such that the relevant person does not breach sanctions requirements.

Relevant persons should have clear procedures and controls for staff regarding the actions to be taken

should a customer become designated. Sanctions exposure and risk must also be considered in a firm’s monitoring and testing compliance procedures as outlined in paragraph 30 of the Code, as well as the relevant person’s BRA in line with paragraph 5 of the Code.

¹ Customs and Excise is now known as the Customs and Immigration Division of the Treasury

2.4 Good and Poor Practice / Areas for Improvement

It is important to highlight that the extent and frequency to which firms screen for sanctions may be proportionate to the size and significance of the firm and its customer base. Although this is the case, it is imperative that all firms comply with all relevant paragraphs of the Code to effectively manage and mitigate their sanctions risk; this includes undertaking screening. Where risk-based decisions have been applied to the frequency of screening, firms must ensure that any rationale is clearly documented to demonstrate their reasoning and proportionality.

The Authority has identified various areas where effective compliance has been demonstrated throughout the responses and has therefore noted many examples of good practice conducted by firms as part of their AML/CFT/CPF compliance regime.

Examples of good practice

Some examples of good practice in ensuring that firms effectively assess and mitigate their sanctions risk include:

- Screening against lists other than those that fall within the Code definition.
- Subscribing to RSS feeds from Customs.
- Having controls in place to ensure screening failures or weaknesses are picked up and remediated.
- Utilising the sanctions guidance provided on Customs' website.
- Having appropriate procedures in place in relation to the reporting and identification of a person, entity or asset subject to sanctions.

Areas for improvement

On the contrary, the Authority would like to highlight areas where there has been poor practice demonstrated within the response to the questionnaire, which includes the following:

- The absence of documented policies, procedures, and guidance notes in place for determining whether a customer is included on the sanction list.
- Lack of controls in place to notify Compliance or Management of screening failures.

- Not completing sanctions screening on all related parties as per paragraph 4(1)(a)(ii) of the Code.
- The absence of ongoing monitoring for sanctions purposes of any business relationship or occasional transactions.

The Authority recommends that firms carry out a gap analysis against the findings of this report. In areas where it has been identified that firms are not compliant with their obligations under the Code, it is imperative that this be addressed and remediated as soon as reasonably practicable. The firm must also consider whether a notification is required to be submitted to the Authority where material matters of non-compliance are identified and/or whether a SAR is required to be submitted to the Financial Intelligence Unit (FIU).

An effective and engaging training program will allow all employees to fully understand sanctions risk and will enable effective mitigation and minimised exposure. As per paragraph 32 of the Code, a relevant person must provide or arrange education and training, including refresher training, at least annually, for; all officers, any other persons involved in its senior management; and appropriate employees and workers. This will promote knowledge and raise staff awareness on their obligations as part of the firm, to comply with the requirements stipulated in the Code.

The following guidance documents, as well as other outreach published by the IOM Government, can be utilised to inform an effective training programme:

- [AML/CFT Handbook](#)
- [Financial Sanctions General Guidance](#)

2.5 Next Steps

The Authority would like to thank the firms who participated in the Phase 1 Sanctions questionnaire. This questionnaire has enhanced the Authority's knowledge regarding firms' understanding of sanctions and has helped to inform the subsequent stage of the thematic, Phase 2.

Phase 2 of the thematic has now commenced and consists

of a series of on-site inspections, initially focusing on Class 1 (Deposit Taking) licence holders as the higher transactional businesses. This stage is expected to carry over into 2025 and will begin to involve additional sectors. Further to this, updates/reports will be issued at the appropriate time, in line with our planned engagement and outreach on the sanctions thematic.

3 Phase 1 Questionnaire Results, Key Findings and Observations

The questionnaire was issued via STRIX on 19 January 2024 and supervised entities were requested to submit the optional questionnaire by 9 February 2024. Two additional rounds were issued to entities for various reasons. Throughout the three rounds, 98.5% of supervised entities responded to the questionnaire.

Each question is broken down below with best practice points detailed where necessary.

Question 1

Do you have documented policies, procedures and guidance notes in place for determining whether a customer is included on the sanction list?

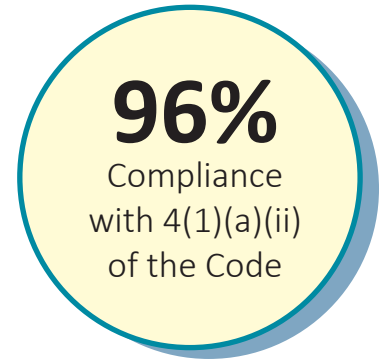
Of the 596 firms, 571 responded with “Yes”, confirming they had documented policies, procedures and guidance notes in place for determining whether a customer is included on the sanction list. 25 firms responded with “No” confirming these policies, procedures and guidance notes are not in place.

The Authority would like to highlight that all supervised entities are obliged under the Code to ensure that they have documented policies, procedures and guidance notes in place for determining whether a customer is included on the sanction list.

Having appropriate policies, proce-

dures and guidance notes in place will help firms in mitigating any sanctions risk they may be exposed to. It also assists staff members in knowing and understanding the reason for any steps they may need to follow as part of fulfilling their role and their obligations under the Code.

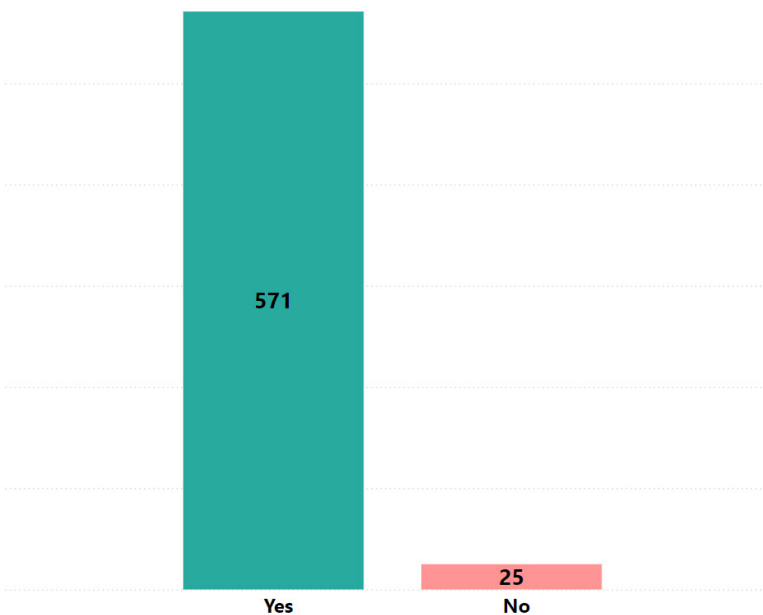
These procedures and controls are vital to help protect the relevant person, their staff, their business, and their communities from the threat of being used or abused by criminals or those assisting or enabling criminals. Relevant persons must demonstrate they are protecting themselves in order to make their domain as hostile as possible to those who



would abuse them. In this way, the procedures and controls are vital for the effective prevention of ML/FT/PF and the harm that crime, terrorism, and the proliferation of weapons of mass destruction present for wider society.

The Authority would like to remind firms that Customs provides **guidance** on sanctions, which includes a “sanctions compliance guide”. For those firms that responded “No” to this question or wish to enhance their procedures, we would highlight this guidance as a reliable resource.

Part 3.3.8. of the Handbook also advises that “Relevant persons should check a customer’s (including beneficial owner’s and controller’s where appropriate) nationality, residency, expected activities, and source of funds to ensure that they are not subject to any relevant financial sanctions both at the outset of the relationship and also on an ongoing basis. More information on sanctions can be found in the guidance **published by IOMCE**, along with other relevant information that should be considered in firms’ sanction policies and procedures.



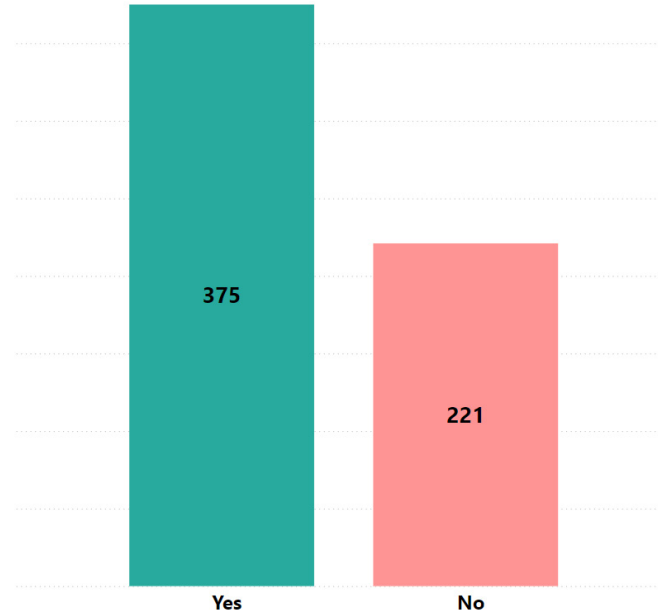
Question 2

Do you screen against lists other than those that fall within the Code definition?

63% of the 598 firms, answered with “Yes”, confirming that they screen against lists other than those that fall within the Code definition. 37% answered with “No”, confirming that they do not screen against lists other than those that fall within the Code definition.

Although screening against lists other than those that fall within the Code is not a requirement, the Authority would like to highlight this as best practice. This will ensure that screening encompasses a wider source, allowing for a more successful match rate.

It is important to note that the extent to which screening measures are applied will be dependent on the size and nature of the respective entity. However, all firms should ensure that their approach to screening is documented in order to demonstrate compliance with Paragraph 4(1)(a) (ii) of the Code.



Customs provide **information** on various UK Government-maintained sanctions list which firms can refer to.

Question 3 (*conditional)

Following the question above, please provide further information on the additional sanctions lists.

Question 3 was conditional for firms answering “Yes” to question 2. This allowed firms to provide details of what sanctions lists are utilised for their additional screening. Various responses were received, including sanction screening lists and software utilised by firms. Some common themes are detailed as follows:

- A number of firms indicated that they utilise overnight screening through KYC360 (Dow Jones).

- Common lists that are used for screening include OFAC, EU, UN, UK, HMT, MINEFI.
- World-Check software is utilised by most firms.
- Many firms commented that they use Refinitiv world-wide lists.

The Authority does not stipulate which additional sanctions lists should be utilised and which software should be used. However, utilisation of the above lists are good indicators that firms are using additional guidance which is published by Customs.

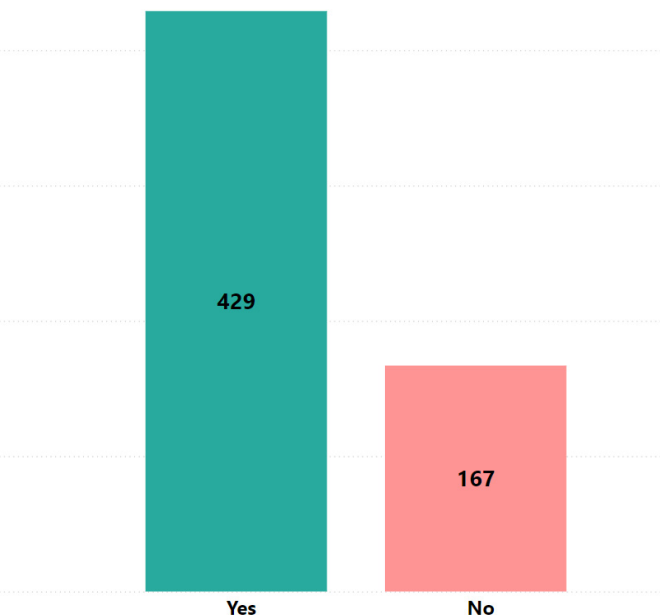
Question 4

Do you use a manual approach for screening customers against the sanctions list?

Of the 598 responses, 429 firms (72%) responded that they utilise a manual approach for screening customers against the sanctions list.

Firms will have different approaches to the way they screen against the sanctions list. This will be dependent on various factors such as; the size and nature of the entity and its customer base and the resources available to an entity.

However, it is essential that procedures and controls to screen customers for sanctions purposes are established, recorded, operated and maintained in line with Paragraph 4(1)(a)(ii) of the Code.

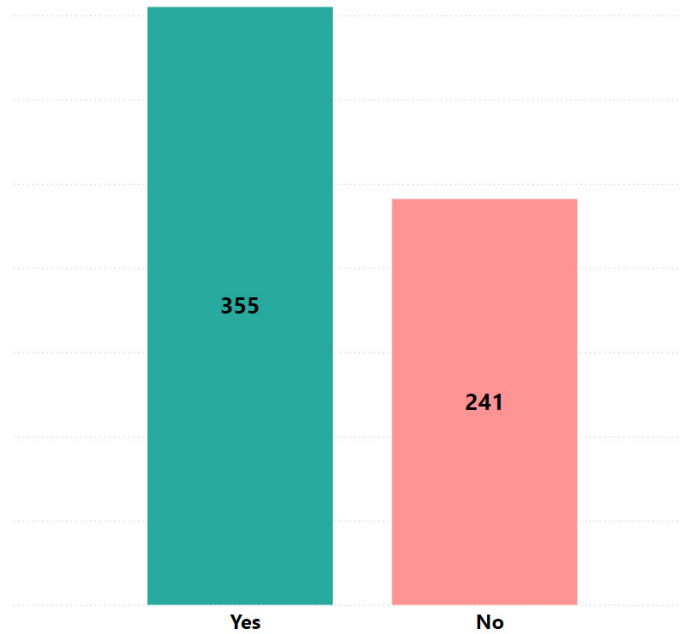


Question 5

Do you use an automated approach for screening customers against the sanctions list?

Of the 598 responses, 355 (60%) indicated that they use an automated approach for screening customers against the sanctions list. With reference to question 4, it is clear that 32% of entities have answered “Yes” to carrying out both manual and automated screening. The Authority notes that this may be due to additional screening being carried out, or from entities using different methods as part of a cumulative approach.

The Authority would like to reiterate that there is not one specified or approved screening method or system and that entities can assess and chose from the facilities and methods available to them. Firms must ensure that the requirements in paragraph 7 of the Code are met when it comes to any systems utilised in the screening process.

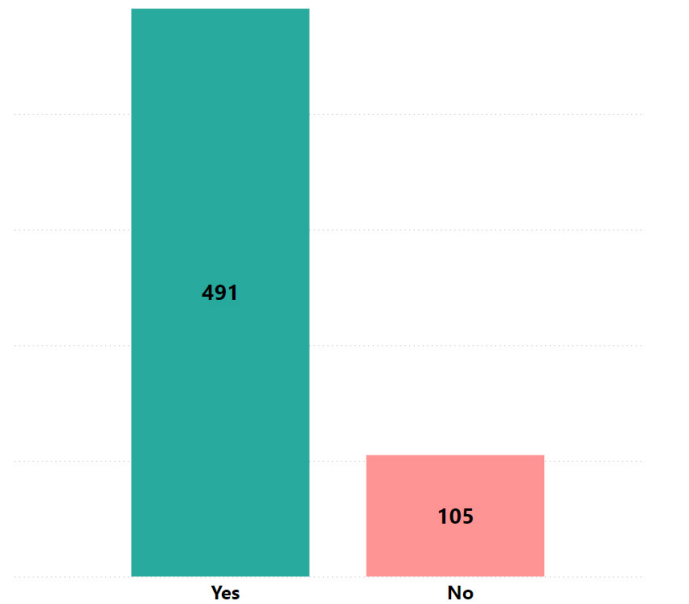


Question 6

Do you have controls in place to notify Compliance or the Control owner of screening failures?

491 firms (82%) confirmed that they have controls in place to notify Compliance or the Control owner of screening failures, contrary to the 105 firms (18%) who confirmed that they have not.

Firms should ensure that they have established, recorded, maintained and operated appropriate procedures and controls for monitoring and testing compliance with the AML/CFT legislation as outlined in paragraph 30 of the Code. Monitoring and testing should be undertaken commensurate with the nature and scale of the relevant person. Such procedures must also be approved by the senior management of the relevant person.



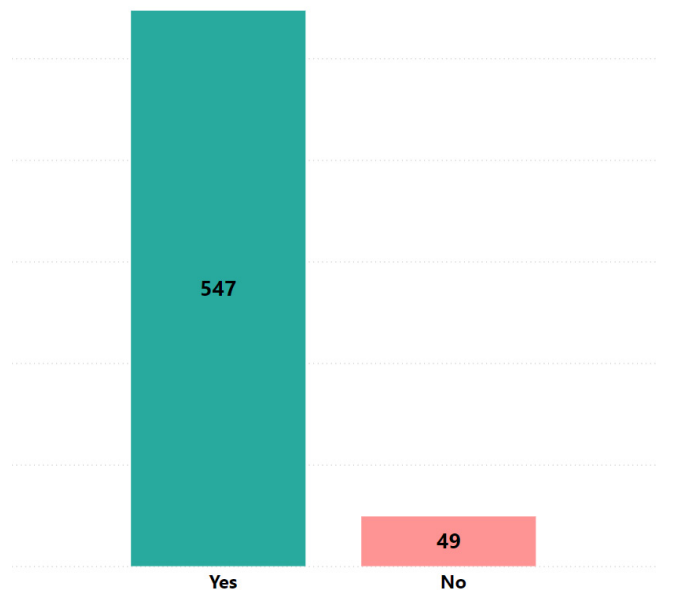
Question 7

Do you use the sanctions guidance that is publicly available on the Customs and Excise web page?

91% of firms who responded, confirmed they use the sanctions guidance issued by Customs. Whereas 9% do not use this guidance.

As a matter of best practice firms are encouraged to utilise this guidance to protect themselves as well as ensuring they are compliant with the Code. Guidance is regularly updated to reflect changes in international standards and sanctions lists.

Financial Sanctions General guidance can be found online with further **information available from Customs**.



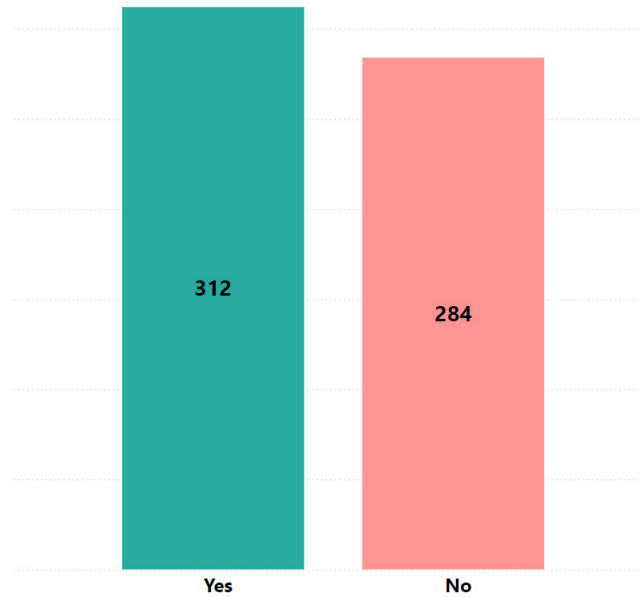
Question 8

Do you receive Really Simple Syndication (“RSS”) feeds relating to sanctions list updated from Customs and Excise?

Responses to the above question confirmed that 312 firms receive RSS feeds relating to the sanctions list from Customs, whereas 284 firms confirmed they did not. The RSS feeds provide regular updates about sanctions, including updates to the UK Sanctions List.

The Authority would strongly advise that firms sign up to the RSS feeds. This will allow greater opportunity to demonstrate compliance with paragraph 13(1)(c).

Guidance on how to sign up to the RSS feeds has been produced by Customs and can be found online.



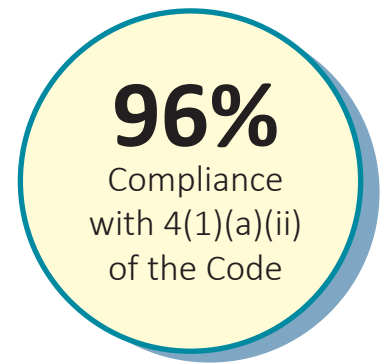
Question 9

Do you carry out sanctions screening on all required persons as per paragraph 4(1)(a)(ii) of the Code?

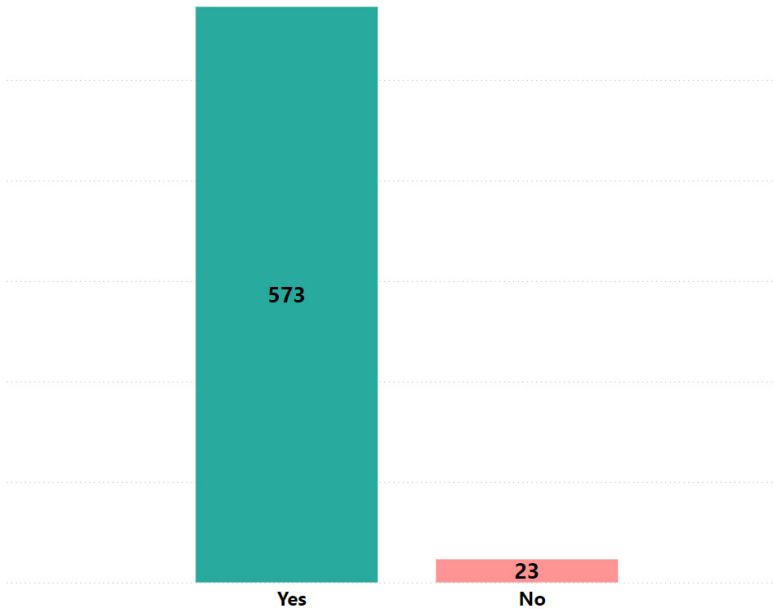
573 firms reported that they do carry out sanctions screening on all required persons as per paragraph 4(1)(a)(ii) of the Code. However, 23 firms reported that they do not. The Authority would like to highlight to

the 23 firms who responded with “No” that it is an obligation under the Code to carry out sanctions screening on all required persons and that they are currently in contravention of the Code. Failure to comply with this requirement may result in firms being subjected to penalties. **Reporting requirements** are explained online.

Those firms currently not in compliance must ensure that this is suitably



ably remediated as soon as reasonably practicable. Consequent to the above, if firms have not identified a sanction match the firm may also be in contravention of sanctions legislation. **The Financial Sanctions General Guidance** issued by Customs details that if you are a relevant institution or relevant business or profession you must report to the FIU as soon as practicable if you know or have reasonable cause to suspect that a person – (1) is a designated person (2) has committed an offence under sanctions legislation. You are required to report this information, along with other matters on which your knowledge or suspicion is based if it came to you in the course of carrying on your business.



It is an obligation under the Code to carry out sanctions screening on all required persons

Question 10

How frequently do you carry out ongoing monitoring for sanctions purposes, of any business relationship or occasional transaction risk rated as Higher risk?

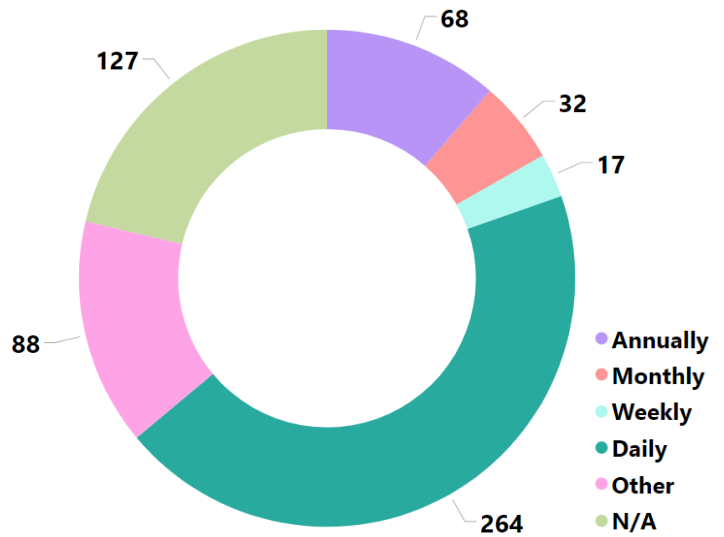
This chart details the frequency in which firms carry out ongoing monitoring for sanctions purposes, of any business relationship or occasional transaction risk rated as higher risk.

44% of firms confirmed that they screen higher risk business relationships on a daily basis.

Paragraph 13(1)(c) of the Code details that a relevant person must perform ongoing and effective monitoring to monitor whether the customer, beneficial owner, beneficiary, introducer or eligible introducer is listed on the sanctions list. Ongoing monitoring is essential in order to identify any unusual, or suspicious activity (as defined in the Code) within a business relationship; and firms must take all steps as required by the Code and their own policies and procedures in order to do so.

The extent and frequency of any ongoing monitoring must also have particular regard to whether a customer poses a higher risk of ML/FT as outlined in paragraph 13(4)(c) of the code.

It is important to note the definition of ‘customer’ as per



the Code, which “(a) means a person — (i) seeking to form a business relationship or seeking to carry out an occasional transaction; or (ii) carrying on a business relationship or carrying out an occasional transaction, with a relevant person who is carrying on business in the regulated sector in or from the Island; (b) in relation to an insurer includes the person beneficially entitled to the assets to fund the premium; and (c) in any case where a financial product (including a life assurance policy) has been assigned or transferred by its holder to another person (“the assignee”), includes the assignee”.

Question 11

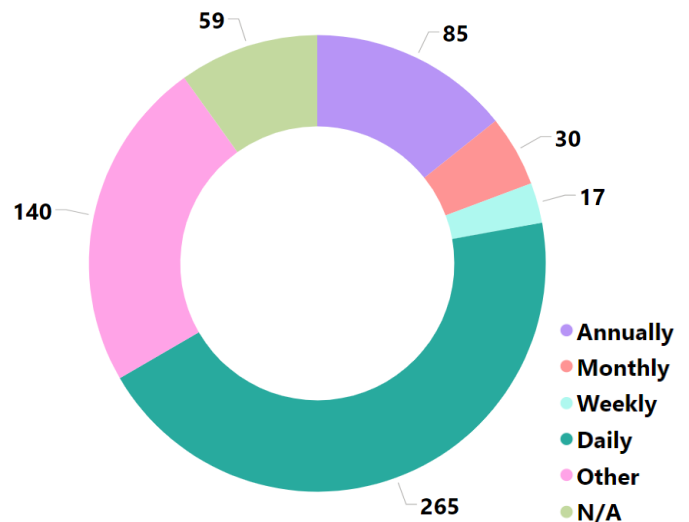
How frequently do you carry out ongoing monitoring for sanctions purposes, of any business relationship or occasional transaction risk rated as Standard risk?

The chart reflects the response to how frequently firms carry out ongoing monitoring for sanctions for any standard risk business relationship or occasional transaction.

The methodology for ongoing monitoring must be risk based and enable relevant persons to effectively manage and mitigate their ML/FT risks; but this must also be performed proportionately to the size and capabilities of a firm.

The overall breakdown was as follows:

- Annually – 85
- Monthly – 30
- Weekly – 17
- Daily – 265
- Other – 140
- N/A - 59



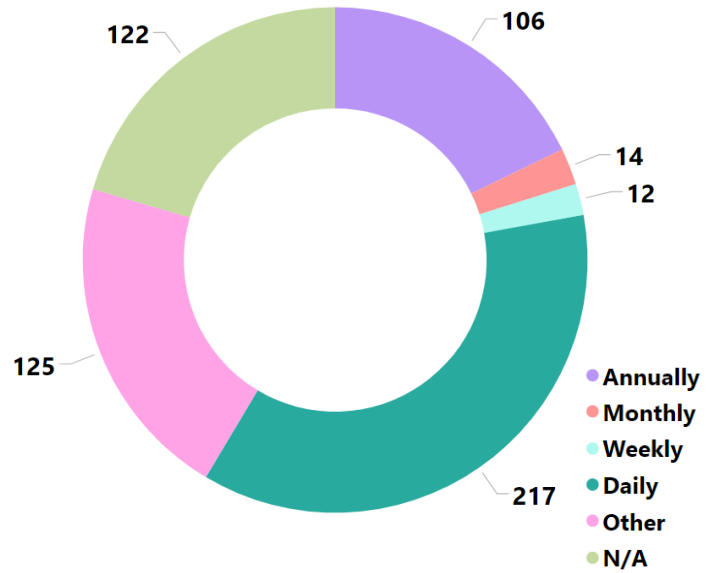
Ongoing monitoring must be risk based and performed proportionately to the size and capabilities of a firm

Question 12

How frequently do you carry out ongoing monitoring for sanctions purposes, of any business relationship or occasional transaction risk rated as Lower risk?

Detailed in this graph is the response to how frequently firms carry out ongoing monitoring for sanctions purposes, of any business relationship or occasional transaction risk rated as lower risk.

The Authority would like to highlight to firms that it is an obligation under paragraph 4(1)(a)(ii) of the Code to determine whether a customer is included on the sanctions list and an obligation under paragraph 13(1)(c) to monitor whether a customer is listed on the sanction lists. If ongoing monitoring is not in place, this should be addressed as soon as reasonably practicable to ensure sanctions risk is effectively mitigated and a firm is in compliance with these areas of the Code.



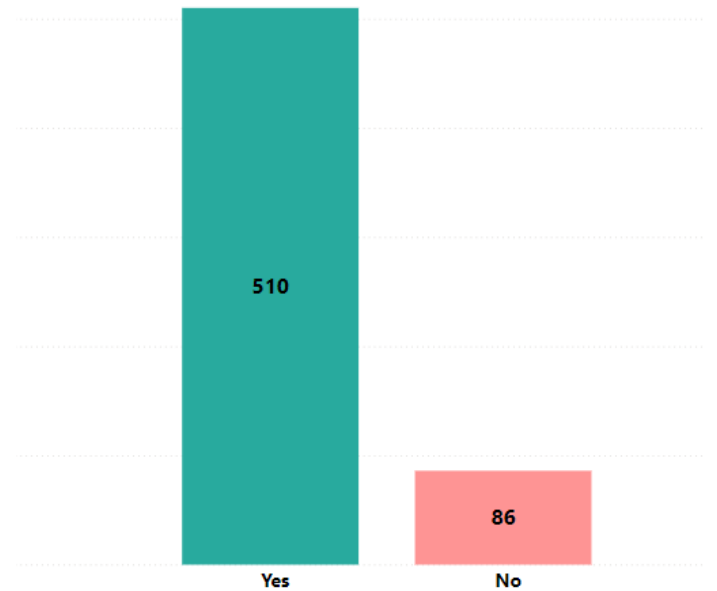
Question 13

Do you conduct screening at trigger events for Higher risk rated customers?

510 firms confirmed that they conduct screening at trigger events for higher risk rated customers, with 86 firms reporting that they do not.

Although the Code does not explicitly stipulate that screening must be undertaken at trigger events, it is a matter of best practice to do so in order to demonstrate compliance with paragraph 13(1)(c).

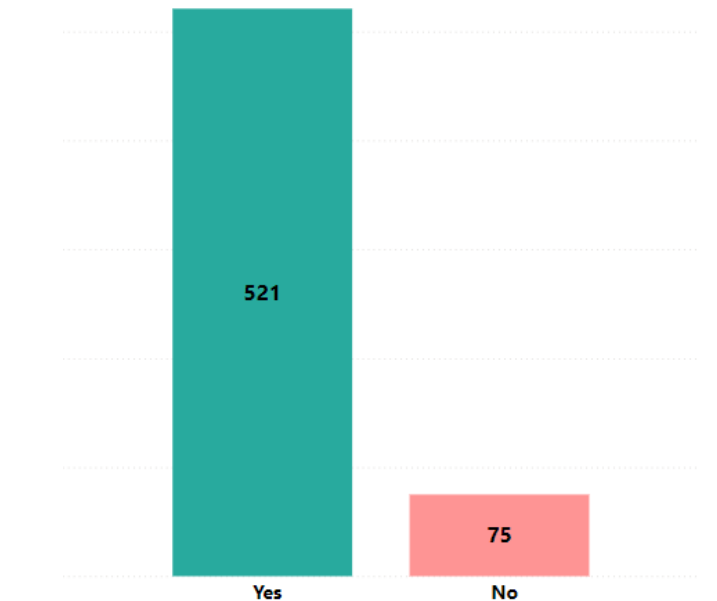
The extent of the monitoring, and whether this is automatic or manual, is dependent on the nature and scale of the relevant person.



Question 14

Do you conduct screening at trigger events for Standard risk rated customers?

Out of the 596 respondents, 521 confirmed that they conduct screening at trigger events for standard risk rated customers, contrary to 75 firms who confirmed they do not. As detailed above, it is a matter of best practice for relevant persons to screen customers at trigger events in order to mitigate any sanctions risk they are exposed to.



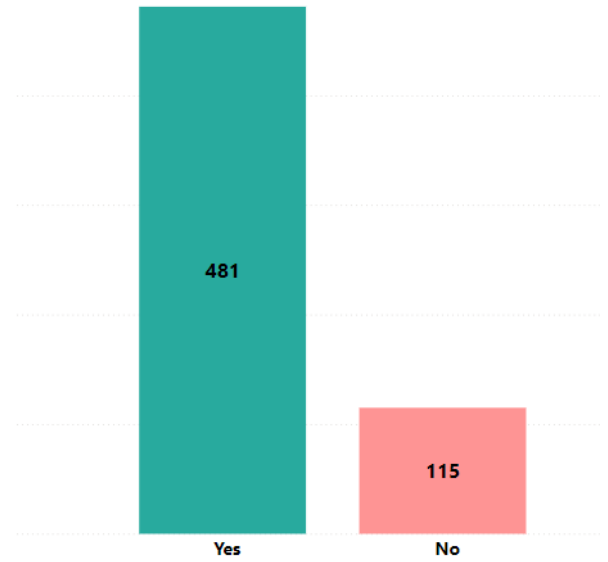
It is best practice for relevant persons to screen customers at trigger events to mitigate risk

Question 15

Do you conduct screening at trigger events for Lower risk rated customers?

Further to the previous two questions, 481 firms reported that they conduct screening at trigger events for their lower risk rated customers, with 115 firms indicating they do not screen them at trigger events.

As a matter of best practice, relevant persons should consider the sanctions risk for customers of all risk ratings as an ongoing practice, as their status on the sanctions list may change throughout the customer relationship.

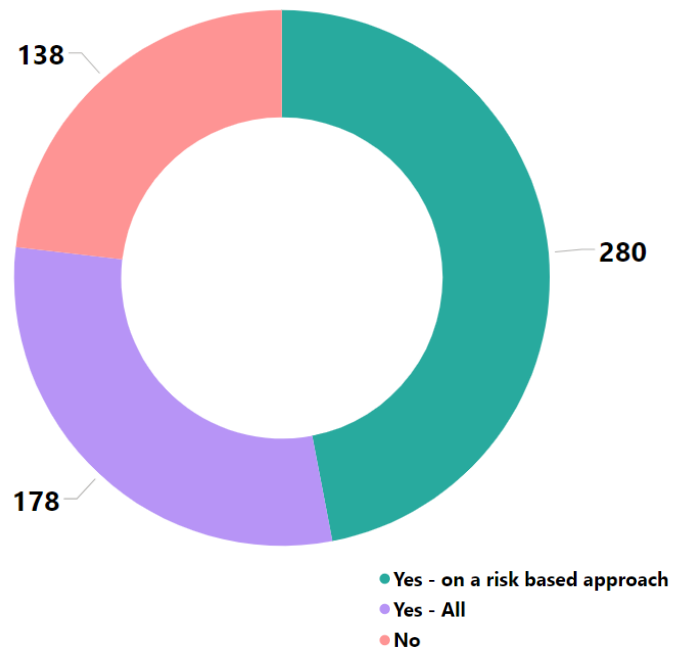


Question 16

Do you screen transactions/transfers against the sanctions list?

This chart reflects the responses to whether firms screen transactions/transfers against the sanctions list. 178 firms screen all transactions/transfers, 280 firms screen on a risk-based approach with 138 not screening transactions/transfers.

The screening of transactions/transfers is not a requirement of the Code, however paragraph 13 includes that entities must effectively monitor transactions and any unusual activity of a customer. Therefore, it is evident that 77% of entities have adopted this best practice to screen their transactions/transfers. The Authority also understands that not all entities will have the facilities to screen all transactions/transfers and relay that processes must also be proportionate to the nature and scale of the business.

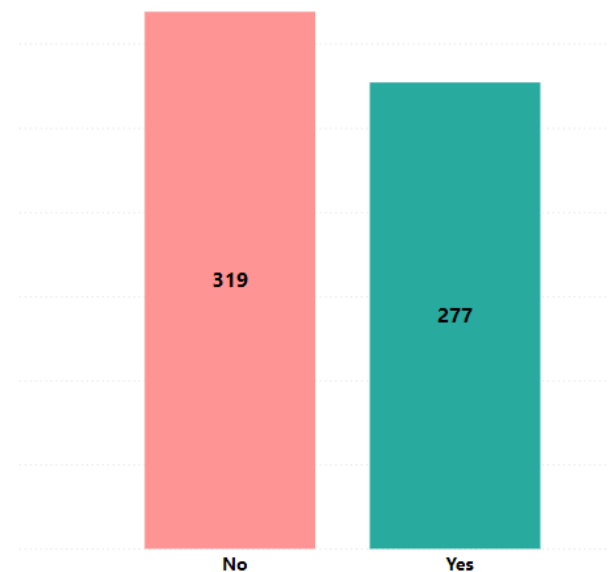


Question 17

Do you consider and monitor trade sanctions on specific goods and related services?

In response to this question, 277 (46%) firms confirmed that they consider and monitor trade sanctions and specific goods and related services, whereas 319 (54%) confirmed they do not consider and monitor the above.

As well as considering the sanctions risk in the UK, **Customs** also details that, “Businesses in the Isle of Man may also be effected by sanctions imposed by other jurisdictions or authorities” which can include connections to specific goods or services. International sanctions do not have any legal effect in the Island but firms should consider them as this may increase the risk of a customer.



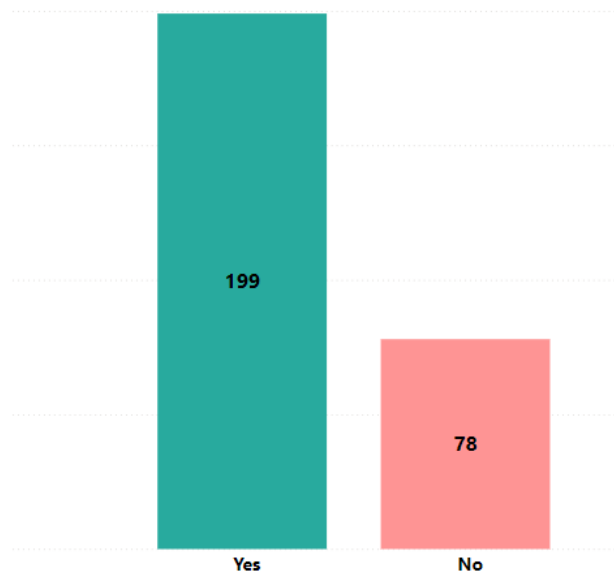
Question 18 (*conditional)

Do you have procedures in place to prevent the sale, purchase, movement or transfer of such assets?

This question was applicable when firms responded 'Yes' to question 17. Out of the 277 firms, 199 (72%) firms responded that they do have procedures in place to prevent the sale, purchase, movement or transfer of such assets whereas 78 (28%) of firms confirmed they do not have these procedures in place.

The Handbook details that relevant persons must demonstrate that they are protecting themselves from the threat of being used by criminals, and that those procedures are vital for effective prevention of crime. Firms who answered 'Yes' to question 17 and 'No' to this question should consider their procedures as a matter of best practice to include the prevention of the sale, purchase movement or transfer of such assets. This ensures that relevant persons are prepared for every eventuality and have procedures to follow if firms were to face those risks.

Customs' Financial Sanctions General Guidance also sets out that firms must have appropriate AML/CFT/CPF policies, procedures and controls in place to mitigate the risk of breaching sanctions law, and be able to determine if a customer is included on the UK Sanctions List, know how to freeze an account if you have a sanctions match, know



how to report frozen assets or a suspicion to the Financial Intelligence Unit ("FIU"), and know what to do if a person or entity is removed from the UK Sanctions List ("delisting").

Customs also provide a [Sanctions Compliance Guide](#) which can be utilised in conjunction with the guidance to assist in the preparation and updates of procedures relating to sanctions.

Question 19 (*conditional)

Please provide details of the procedures in place in relation to the sale, purchase, movement or transfer of sanctioned assets?

This question requested non-numerical data from firms that responded "Yes" to the previous question. Some common responses are detailed below:

- Any transaction/account holder found to be sanctioned would be immediately frozen, a warning placed on file, the MLRO notified and an STR considered.
- Transactions are monitored on a live/ongoing basis.
- Any updates to the sanctions list; review the book of business against it, internal sanctions guidance updated.
- Staff are aware of the sanctions lists and they receive email updates of their changes.

- Payment screening which provides sanctions alerts.

Customs' Financial Sanctions General Guidance details that if firms suspect an individual or entity is detailed in the UK sanctions list they must;

- Freeze the assets immediately.
- Review the information you hold for that person against the UK Sanctions List to ensure you do not have a "false positive" identification (further details on this are also in the guidance).
- Not deal with those assets or make them available to, or for the benefit of the designated person unless you have a legal exemption or you have a licence.
- Report the frozen assets to the FIU.

And that if firms "have a suspicion or knowledge that there has been a breach of sanctions law, or any attempted transactions that you have blocked, report your suspicions to the FIU".

If firms suspect there has been a breach of sanctions law they must report their suspicions to the FIU

4 Conclusion

To summarise, the key messages in this report include but are not limited to the following:

- Remember to keep all relevant procedures up to date and commensurate for the business to forestall any abuse from sanction risks.
- Supervised entities must screen customers against the sanctions list.
- Carry out regular reviews of the sanctions control environment.
- Ensure screening and screening frequency is commensurate to the risk profile of the business and customer.
- Report any suspicions or true sanction hits to the relevant competent authorities.

5 Appendix

Q1. Do you have documented policies, procedures and guidance notes in place for determining whether a customer is included on the sanction list?

Disclaimer – “the sanction list” per the definition within the AML/CFT Code 2019 means “the list of persons who are subject to international sanctions which apply in the Island which is maintained by the Customs and Excise Division of the Treasury”.

If you answer ‘No’ to this question, please provide further detail in the comments box at the end of the questionnaire.

Q2. Do you screen against lists other than those that fall within the Code definition ?

If the firm answers yes to Q2, the following Q3 will appear

Q3. Following the question above, please provide further information on the additional sanctions lists.

Q4. Do you use a manual approach for screening customers against the sanctions list?

Q5. Do you use an automated approach for screening customers against the sanctions list?

Q6. Do you have controls in place to notify Compliance or the Control owner of screening failures?

In this instance, a screening failure is an incident where a screening tool has failed to identify a sanction hit.

Q7. Do you use the sanctions guidance that is publicly available on the Customs and Excise web page?

If you have any feedback on the guidance available, please provide directly to customs@gov.im

Q8. Do you receive Really Simple Syndication (“RSS”) feeds relating to sanctions list updates from Customs and Excise?

Q9. Do you carry out sanctions screening on all required persons as per paragraph 4(1)(a)(ii) of the Code?

A relevant person must not enter into or carry on a business relationship, or carry out an occasional transaction, with or for a customer or another person unless the relevant person establishes, records, operates and maintains procedures and controls in relation to determining whether a customer, any beneficial owner, beneficiary, introducer or eligible introducer is included on the sanctions list

Q10. How frequently do you carry out ongoing monitoring for sanctions purposes, of any business relationship or occasional transaction risk rated as Higher risk?

Q11. How frequently do you carry out ongoing monitoring for sanctions purposes, of any business relationship or occasional transaction risk rated as Standard risk?

Q12. How frequently do you carry out ongoing monitoring for sanctions purposes, of any business relationship or occasional transaction risk rated as Lower risk?

Q13. Do you conduct screening at trigger events for Higher risk rated customers?

Q14. Do you conduct screening at trigger events for Standard risk rated customers?

Q15. Do you conduct screening at trigger events for Lower risk rated customers?

Q16. Do you screen transactions/transfers against the sanctions list?

Q17. Do you consider and monitor trade sanctions on specific goods and related services?

Q18. Do you have procedures in place to prevent the sale, purchase, movement or transfer of such assets?

If the firm answers yes to Q18, the following Q19 will appear

Q19. Please provide details of the procedures in place in relation to the sale, purchase, movement or transfer of sanctioned assets?



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