

[NOTE: The words marked in bold type were inserted by the Lords to avoid questions of privilege.]

# **Sanctions and Anti-Money Laundering Bill [HL]**

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## EXPLANATORY NOTES

Explanatory notes to the Bill, prepared by the Foreign and Commonwealth Office, are published separately as Bill 157 – EN.

## EUROPEAN CONVENTION ON HUMAN RIGHTS

Secretary Boris Johnson has made the following statement under section 19(1)(a) of the Human Rights Act 1998:

In my view the provisions of the Sanctions and Anti-Money Laundering Bill [HL] are compatible with the Convention rights.

# Sanctions and Anti-Money Laundering Bill [HL]

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Make provision enabling sanctions to be imposed where appropriate for the purposes of compliance with United Nations obligations or other international obligations or for the purposes of furthering the prevention of terrorism or for the purposes of national security or international peace and security or for the purposes of furthering foreign policy objectives; to make provision for the purposes of the detection, investigation and prevention of money laundering and terrorist financing and for the purposes of implementing Standards published by the Financial Action Task Force relating to combating threats to the integrity of the international financial system; and for connected purposes.

**B**E IT ENACTED by the Queen’s most Excellent Majesty, by and with the advice and consent of the Lords Spiritual and Temporal, and Commons, in this present Parliament assembled, and by the authority of the same, as follows:—

**PART 1**

SANCTIONS REGULATIONS

**CHAPTER 1**

POWER TO MAKE SANCTIONS REGULATIONS

*Power to make sanctions regulations*

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**1 Power to make sanctions regulations**

- (1) An appropriate Minister may make sanctions regulations where that Minister considers that it is appropriate to make the regulations—
- (a) for the purposes of compliance with a UN obligation,
  - (b) for the purposes of compliance with any other international obligation,
  - or
  - (c) for a purpose within subsection (2).

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- (2) A purpose is within this subsection if the appropriate Minister making the regulations considers that carrying out that purpose would –
- (a) further the prevention of terrorism, in the United Kingdom or elsewhere,
  - (b) be in the interests of national security, 5
  - (c) be in the interests of international peace and security,
  - (d) further a foreign policy objective of the government of the United Kingdom,
  - (e) promote the resolution of armed conflicts or the protection of civilians in conflict zones, 10
  - (f) promote compliance with international humanitarian and human rights law,
  - (g) contribute to multilateral efforts to prevent the spread and use of weapons and materials of mass destruction, or
  - (h) promote respect for human rights, democracy, the rule of law and good governance. 15
- (3) Regulations under this section must state the purpose (or purposes) of the regulations, and any purpose stated must be –
- (a) compliance with a UN obligation, or other international obligation, specified in the regulations, or 20
  - (b) a particular purpose that is within subsection (2).
- (4) Section 2 contains additional requirements in relation to regulations stating a purpose within subsection (2) above.
- (5) In this section “sanctions regulations” means regulations which do one or more of the following – 25
- (a) impose financial sanctions (see section 3);
  - (b) impose immigration sanctions (see section 4);
  - (c) impose trade sanctions (see section 5 and Schedule 1);
  - (d) impose aircraft sanctions (see section 6);
  - (e) impose shipping sanctions (see section 7); 30
  - (f) impose sanctions within section 8 (other sanctions for purposes of UN obligations);
  - (g) make supplemental provision in connection with any provision of the regulations or other regulations made under this section.
- (6) In this section “supplemental provision” includes any provision authorised by any other provision of this Act to be made by regulations under this section (see in particular sections 9 to 18 and section 47). 35
- (7) In this Act –
- “UN obligation” means an obligation that the United Kingdom has by virtue of a UN Security Council Resolution; 40
  - “UN Security Council Resolution” means a resolution adopted by the Security Council of the United Nations;
  - “international obligation” means an obligation of the United Kingdom created or arising by or under any international agreement.
- (8) For the purposes of any provision of this Act which refers to an “appropriate Minister”, the following are appropriate Ministers – 45
- (a) the Secretary of State;

(b) the Treasury.

(9) None of paragraphs (a) to (d) of subsection (2) is to be taken to limit the meaning of any other of those paragraphs.

## 2 Additional requirements for regulations for a purpose within section 1(2)

(1) This section applies to regulations under section 1 any of whose purposes (as stated under section 1(3)) is a discretionary purpose. 5

In this section “discretionary purpose” means a purpose which is not compliance with a UN obligation or other international obligation but is within section 1(2).

(2) An appropriate Minister may not decide that it is appropriate to make regulations to which this section applies unless, in respect of each discretionary purpose stated in the regulations, that Minister – 10

(a) has considered whether there are good reasons to pursue that purpose and has determined that there are, and

(b) has considered whether the imposition of sanctions is a reasonable course of action for that purpose and has determined that it is. 15

(3) In subsection (2)(b) “sanctions” means prohibitions and requirements of the kinds which are imposed by the regulations for the purpose in question (or both for that purpose and for another purpose of the regulations).

(4) In relation to any regulations to which this section applies, the appropriate Minister making the regulations (“the Minister”) must at the required time lay before Parliament a report which explains in respect of each discretionary purpose stated under section 1(3) in the regulations – 20

(a) why the Minister considers that carrying out that purpose would meet one or more of the conditions in paragraphs (a) to (h) of section 1(2), 25

(b) why the Minister considers that there are good reasons to pursue that purpose, and

(c) why the Minister considers that the imposition of sanctions (within the meaning given by subsection (3)) is a reasonable course of action for that purpose. 30

(5) Nothing in subsection (4) requires the report to contain anything the disclosure of which may, in the opinion of the Minister, damage national security or international relations.

(6) In subsection (4) “the required time” means –

(a) in the case of regulations contained in a statutory instrument which is laid before Parliament after being made, the same time as the instrument is laid before Parliament; 35

(b) in the case of regulations contained in a statutory instrument a draft of which is laid before Parliament, the same time as the draft is laid.

*Types of sanction* 40

## 3 Financial sanctions

(1) For the purposes of section 1(5)(a) regulations “impose financial sanctions” if they impose prohibitions or requirements for one or more of the following purposes –

- (a) freezing funds or economic resources owned, held or controlled by designated persons (see section 9);
  - (b) preventing financial services from being provided to, or for the benefit of—
    - (i) designated persons, 5
    - (ii) persons connected with a prescribed country, or
    - (iii) a prescribed description of persons connected with a prescribed country;
  - (c) preventing financial services from being procured from, or for the benefit of— 10
    - (i) designated persons,
    - (ii) persons connected with a prescribed country, or
    - (iii) a prescribed description of persons connected with a prescribed country;
  - (d) preventing funds or economic resources from being made available to, or for the benefit of— 15
    - (i) designated persons,
    - (ii) persons connected with a prescribed country, or
    - (iii) a prescribed description of persons connected with a prescribed country; 20
  - (e) preventing funds or economic resources from being received from—
    - (i) designated persons,
    - (ii) persons connected with a prescribed country, or
    - (iii) a prescribed description of persons connected with a prescribed country; 25
  - (f) preventing financial services from being provided, where the services relate to financial products, or financial products of a prescribed description, issued by designated persons;
  - (g) preventing persons from owning, controlling or having a prescribed interest in persons (other than individuals) which are— 30
    - (i) designated persons,
    - (ii) connected with a prescribed country, or
    - (iii) of a prescribed description and connected with a prescribed country.
- (2) For the purposes of section 1(5)(a) regulations also “impose financial sanctions” if they impose prohibitions or requirements for the purpose of preventing persons from entering into, or continuing to be a party to, arrangements for commercial purposes, or for prescribed commercial purposes, with— 35
- (a) designated persons, 40
  - (b) persons connected with a prescribed country, or
  - (c) a prescribed description of persons connected with a prescribed country.
- (3) In subsection (1) any reference to funds, economic resources or financial services being made available, received, procured or provided is to their being made available, received, procured or provided (as the case may be) directly or indirectly. 45



- (4) In subsection (2) “arrangements” includes any agreement, understanding, scheme, transaction or series of transactions (whether or not legally enforceable).
- (5) Sections 51 and 52 contain definitions for the purposes of this Act of – 5  
    “economic resources”,  
    “financial products”,  
    “financial services”,  
    “freeze”, and  
    “funds”.
- (6) Section 53 makes provision about the meaning of – 10  
    (a) funds or economic resources being “owned, held or controlled” or “made available” (see subsection (4) of that section),  
    (b) a person “owning” or “controlling” another person (see subsection (5) of that section), and  
    (c) a person being “connected with” a country (see subsection (6) of that section). 15

#### **4 Immigration sanctions**

- (1) For the purposes of section 1(5)(b) regulations “impose immigration sanctions” if they provide for designated persons (see section 9) to be excluded persons for the purposes of section 8B of the Immigration Act 1971. 20
- (2) As to the effect of such provision, see section 8B of the Immigration Act 1971 (as amended by paragraph 1 of Schedule 3 to this Act).

#### **5 Trade sanctions**

- (1) For the purposes of section 1(5)(c) regulations “impose trade sanctions” if they impose prohibitions or requirements for one or more of the purposes mentioned in Part 1 of Schedule 1. 25
- (2) Part 2 of that Schedule makes further provision in connection with regulations which impose trade sanctions.

#### **6 Aircraft sanctions**

- (1) For the purposes of section 1(5)(d) regulations “impose aircraft sanctions” if they impose prohibitions or requirements for one or more of the following purposes – 30  
    (a) detaining disqualified aircraft (see subsection (6)) within the United Kingdom, or controlling the movement of disqualified aircraft within the United Kingdom and the airspace over the United Kingdom; 35  
    (b) ensuring that disqualified aircraft –  
        (i) do not overfly the United Kingdom, or  
        (ii) leave the airspace over the United Kingdom;  
    (c) preventing persons from owning, chartering or operating aircraft registered in a prescribed country; 40  
    (d) preventing aircraft from being registered in a prescribed country;  
    (e) preventing the registration of –

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- (i) aircraft in which a designated person (see section 9) holds a prescribed interest (or designated persons, taken together, hold a prescribed interest), or
  - (ii) aircraft chartered by demise to designated persons.
- (2) For the purposes of section 1(5)(d) regulations also “impose aircraft sanctions” if they authorise directions within subsection (3), (4) or (5). 5
- (3) Directions are within this subsection if they are given for a purpose mentioned in subsection (1)(a) or (b) and either –
- (a) they are given by the Secretary of State to –
    - (i) the CAA, 10
    - (ii) a person who holds a licence under Chapter 1 of Part 1 of the Transport Act 2000 (air traffic services), or
    - (iii) an airport operator, or
  - (b) they are given to the operator or pilot in command of a disqualified aircraft by – 15
    - (i) the Secretary of State, or
    - (ii) a person mentioned in paragraph (a)(i), (ii) or (iii).
- (4) Directions are within this subsection if they are given by the Secretary of State to the CAA for the purpose of terminating the registration of any aircraft mentioned in subsection (1)(e). 20
- (5) Directions are within this subsection if they are given by the Secretary of State to the operator or pilot in command of a British-controlled aircraft for the purpose of preventing the aircraft from –
- (a) overflying a prescribed country, or
  - (b) landing in a prescribed country. 25
- (6) In this section “disqualified aircraft” means aircraft –
- (a) owned, chartered or operated by –
    - (i) designated persons,
    - (ii) persons connected with a prescribed country, or
    - (iii) a prescribed description of persons connected with a prescribed country, 30
  - (b) registered in a prescribed country, or
  - (c) originating from a prescribed country.
- (7) Provision authorising directions by virtue of subsection (2) may include provision – 35
- (a) as to the effect of any such directions so far as they are inconsistent with requirements or permissions under any other enactment;
  - (b) requiring a person not to disclose any such directions if the Secretary of State notifies the person to that effect.
- (8) For the purposes of this section any reference to the United Kingdom includes a reference to the territorial sea. 40
- (9) In this section “aircraft” –
- (a) subject to paragraph (b), includes –
    - (i) unmanned aircraft, and
    - (ii) aircraft capable of spaceflight activities; 45
  - (b) does not include the naval, military or air-force aircraft of any country.

- (10) In this section –
- “airport” means the aggregate of the land, buildings and works comprised in an aerodrome within the meaning of the Civil Aviation Act 1982 (see section 105(1) of that Act);
  - “airport operator”, in relation to an airport, means the person by whom the airport is managed; 5
  - “British-controlled aircraft” has the same meaning as in section 92 of the Civil Aviation Act 1982;
  - “the CAA” means the Civil Aviation Authority;
  - “enactment” includes an enactment mentioned in any of paragraphs (a) to (d) of section 47(5); 10
  - “operator”, in relation to an aircraft, means the person having the management of the aircraft, and cognate expressions are to be construed accordingly;
  - “pilot in command”, in relation to an aircraft, means the pilot designated by the operator as being in command and charged with the safe conduct of its flight, without being under the direction of any other pilot in the aircraft; 15
  - “registration” means registration in the register of aircraft kept by the CAA. 20

## 7 Shipping sanctions

- (1) For the purposes of section 1(5)(e) regulations “impose shipping sanctions” if they impose prohibitions or requirements for one or more of the following purposes –
- (a) detaining within the United Kingdom, or controlling the movement within the United Kingdom of – 25
    - (i) disqualified ships (see subsection (8)), or
    - (ii) specified ships (see section 14);
  - (b) ensuring that disqualified ships or specified ships –
    - (i) do not enter the United Kingdom, or 30
    - (ii) leave the United Kingdom;
  - (c) preventing persons from owning, controlling, chartering or operating –
    - (i) ships registered in a prescribed country,
    - (ii) ships flying the flag of a prescribed country, or 35
    - (iii) specified ships;
  - (d) preventing ships from –
    - (i) being registered in a prescribed country, or
    - (ii) flying the flag of a prescribed country;
  - (e) preventing the registration of – 40
    - (i) ships in which a designated person (see section 9) holds a prescribed interest (or designated persons, taken together, hold a prescribed interest),
    - (ii) ships in which persons connected with a prescribed country hold a prescribed interest, or 45
    - (iii) specified ships.
- (2) For the purposes of section 1(5)(e) regulations also “impose shipping sanctions” if they authorise directions within subsection (3), (4) or (5).

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- (3) Directions are within this subsection if they are given for a purpose mentioned in subsection (1)(a) or (b) and either –
- (a) they are given to a harbour authority by the Secretary of State, or
  - (b) they are given to the master or pilot of a disqualified ship or a specified ship by –
    - (i) the Secretary of State, or
    - (ii) a harbour authority.
- 5
- (4) Directions are within this subsection if they are given by the Secretary of State to the Registrar for the purpose of terminating the registration of any ship mentioned in subsection (1)(e).
- 10
- (5) Directions are within this subsection if they are given by the Secretary of State to the master or pilot of a British ship (see subsections (12) and (13)) for the purpose of preventing the ship from travelling to –
- (a) the sea or other waters within the seaward limits of the territorial sea adjacent to a prescribed country, or a particular place in that sea or those waters, or
  - (b) harbours in a prescribed country.
- 15
- (6) For the purposes of section 1(5)(e) regulations also “impose shipping sanctions” if, for the purpose of the implementation of so much of a UN Security Council Resolution as provides for the taking of measures in relation to ships designated for purposes of that resolution, they make provision –
- (a) relating to such ships and corresponding to provision that may be made by virtue of subsection (1)(a), (b), (c) or (e),
  - (b) authorising directions corresponding to directions within subsection (3) to be given in relation to, or to the master or pilot of, such a ship, or
  - (c) authorising directions corresponding to directions within subsection (4) to be given in relation to such a ship.
- 20
- 25
- (7) Provision made by virtue of subsection (6) may describe the ships to which it relates by reference to the instrument in which the ships are designated, including by reference to that instrument as varied or supplemented from time to time.
- 30
- (8) In this section “disqualified ships” means ships –
- (a) owned, controlled, chartered, operated or crewed by –
    - (i) designated persons,
    - (ii) persons connected with a prescribed country, or
    - (iii) a prescribed description of persons connected with a prescribed country,
  - (b) registered in a prescribed country,
  - (c) flying the flag of a prescribed country, or
  - (d) originating from a prescribed country.
- 35
- 40
- (9) Provision authorising directions by virtue of this section may include provision as to the effect of any such directions so far as they are inconsistent with requirements under any other enactment.
- (10) Provision made by virtue of this section may include provision as to the meaning of any reference in the provision to a ship being “crewed” by persons.
- 45
- (11) In subsection (1) any reference to the United Kingdom includes a reference to the territorial sea.

- (12) In this section “British ship” means a ship which –
- (a) is registered under Part 2 of the Merchant Shipping Act 1995,
  - (b) is a Government ship within the meaning of that Act,
  - (c) is registered under the law of a relevant British possession,
  - (d) is not registered under the law of a country outside the United Kingdom but is wholly owned by persons each of whom has a United Kingdom connection, or 5
  - (e) is registered under an Order in Council under section 1 of the Hovercraft Act 1968.
- (13) For the purposes of subsection (12)(d), a person has a “United Kingdom connection” if the person is – 10
- (a) a British citizen, a British overseas territories citizen or a British Overseas citizen,
  - (b) an individual who is habitually resident in the United Kingdom, or
  - (c) a body corporate which is established under the law of a part of the United Kingdom and has its principal place of business in the United Kingdom. 15
- (14) In this section –
- “enactment” includes an enactment mentioned in any of paragraphs (a) to (d) of section 47(5); 20
  - “harbour authority” has the same meaning as in the Merchant Shipping Act 1995 (see section 313(1) of that Act);
  - “master” includes every person (except a pilot) having command or charge of a ship and, in relation to a fishing vessel, means the skipper;
  - “pilot”, in relation to a ship, means any person not belonging to the ship who has the conduct of the ship; 25
  - “the Registrar” means the Registrar General of Shipping and Seamen or, where functions of that person are being discharged by another person, that other person;
  - “registration” means registration in the register of British ships maintained by the Registrar; 30
  - “relevant British possession” means –
    - (a) any of the Channel Islands,
    - (b) the Isle of Man, or
    - (c) any British overseas territory; 35
  - “ship” includes every description of vessel (including a hovercraft) used in navigation, except the naval, military or air-force ships of any country.

## 8 Other sanctions for purposes of UN obligations

- (1) For the purposes of section 1(5)(f), regulations impose sanctions within this section if they impose prohibitions or requirements, not otherwise authorised by this Part, which the appropriate Minister making the regulations considers that it is appropriate to impose for the purposes of compliance with a UN obligation. 40
- (2) The reference in subsection (1) to prohibitions or requirements includes prohibitions or requirements imposed on or otherwise relating to designated persons (see section 9). 45

*Designation of persons*

**9 “Designated persons”**

- (1) Subsection (2) applies for the purposes of sections 3 and 4, Schedule 1 and sections 6 to 8.
- (2) In each of those provisions, “designated persons” means – 5
- (a) persons designated under any power contained in the regulations that authorises an appropriate Minister to designate persons for the purposes of the regulations or of any provisions of the regulations, or
- (b) persons who are designated persons under any provision included in the regulations by virtue of section 13 (persons named by or under UN Security Council Resolutions). 10
- (3) In subsection (2) “the regulations” means the regulations mentioned in section 3, 4, 5(1), 6, 7 or 8 (as the case may be).
- (4) As regards designation of persons by virtue of subsection (2)(a), see sections 10 to 12. 15
- (5) In this Act “person” includes (in addition to an individual and a body of persons corporate or unincorporate) any organisation and any association or combination of persons.

**10 Designation powers: general**

- (1) In this Act a “designation power”, in relation to regulations under section 1, means a power (contained in the regulations by virtue of section 9(2)(a)) for an appropriate Minister to designate persons for the purposes of the regulations or of any provisions of the regulations. 20
- (2) Regulations under section 1 which contain a designation power may make provision about the way in which the power must or may be exercised, including provision authorising the appropriate Minister to whom the power is granted – 25
- (a) to designate a person by name;
- (b) to provide that persons of a description specified by that Minister are designated persons; 30
- (c) to designate different persons for the purposes of different provisions of the regulations.
- (3) Regulations under section 1 which contain a designation power must provide that where an appropriate Minister – 35
- (a) has made a designation under the power, or
- (b) has varied or revoked a designation made under the power (see section 19),
- that Minister must without delay take such steps as are reasonably practicable to inform the designated person of the designation, variation or revocation.
- (4) The regulations may include provision, additional to that required by subsection (3), as to steps to be taken as regards notification or publicity where a designation has been made under the designation power or a designation made under the power has been varied or revoked. 40

- (5) The regulations need not require a person to be notified of an intention to designate the person.
- (6) Sections 11 and 12 contain provision about criteria for designation under a designation power.

**11 Designation of a person by name under a designation power** 5

- (1) This section applies to regulations under section 1 which authorise an appropriate Minister (“the Minister”) to designate persons by name.
- (2) The regulations must contain provision which prohibits the Minister from designating a person by name except where the Minister –
  - (a) has reasonable grounds to suspect that that person is an involved person (see subsection (3)), and 10
  - (b) considers that the designation of that person is appropriate, having regard to –
    - (i) the purpose of the regulations as stated under section 1(3), and
    - (ii) the likely significant effects of the designation on that person (as they appear to the Minister to be on the basis of the information that the Minister has). 15
- (3) The regulations must provide that “an involved person” means a person who –
  - (a) is or has been involved in an activity specified in the regulations, 20
  - (b) is owned or controlled directly or indirectly by a person who is or has been so involved,
  - (c) is acting on behalf of or at the direction of a person who is or has been so involved, or
  - (d) is a member of, or associated with, a person who is or has been so involved. 25
- (4) An activity may not be specified in the regulations by virtue of subsection (3) unless the Minister considers that specifying the activity is appropriate having regard to the purpose of the regulations as stated under section 1(3).
- (5) The regulations may, in the case of any activity specified in the regulations, make provision as to the meaning for the purposes of the regulations of a person’s being involved in that activity. 30
- (6) The regulations may make provision, for the purposes of the regulations, as to the meaning of a person’s –
  - (a) being “owned or controlled directly or indirectly by” another person, and 35
  - (b) being “associated with” another person.
- (7) The regulations must, in relation to any case where the Minister designates a person by name, require the information given under the provision made under section 10(3) to include a statement of reasons. 40
- (8) In subsection (7) a “statement of reasons” means a brief statement of the matters that the Minister knows, or has reasonable grounds to suspect, in relation to that person which have led the Minister to make the designation.
- (9) The regulations may authorise matters to be excluded from that statement where the Minister considers that they should be excluded – 45

- (a) in the interests of national security or international relations,
  - (b) for reasons connected with the prevention or detection of serious crime in the United Kingdom or elsewhere, or
  - (c) in the interests of justice,
- (but the regulations may not authorise the Minister to provide no statement of reasons). 5

## 12 Designation of persons by description under a designation power

- (1) This section applies to regulations under section 1 which grant a power for an appropriate Minister (“the Minister”) to provide that persons of a specified description are designated persons. 10
- (2) The regulations must contain provision which prohibits the exercise of that power except where conditions A to C are met.
- (3) Condition A is that the description of persons specified is such that a reasonable person would know whether that person fell within it.
- (4) Condition B is that, at the time the description is specified, it is not practicable for the Minister to identify and designate by name all the persons falling within that description at that time. 15
- (5) Condition C is that the Minister –
  - (a) has reasonable grounds to suspect –
    - (i) in a case where the specified description is members of a particular organisation, that that organisation is an involved person, or 20
    - (ii) in the case of any other specified description, that any person falling within that description would necessarily be an involved person, and 25
  - (b) considers that the designation of persons of the specified description is appropriate, having regard to –
    - (i) the purpose of the regulations as stated under section 1(3), and
    - (ii) the likely significant effects of the designation (as they appear to the Minister to be on the basis of the information that the Minister has) on persons of that description. 30
- (6) Subsections (3) to (6) of section 11 apply to regulations which contain provision mentioned in subsection (2) above.
- (7) The regulations must, in relation to any case where the Minister provides that persons of a specified description are designated persons, require the information given under the provision made under section 10(3) to include a statement of reasons. 35
- (8) In subsection (7) a “statement of reasons” means a brief statement of the matters that the Minister knows, or has reasonable grounds to suspect, in relation to persons of the specified description which have led the Minister to make the provision designating persons of that description. 40
- (9) The regulations may authorise matters to be excluded from that statement where the Minister considers that they should be excluded –
  - (a) in the interests of national security or international relations,
  - (b) for reasons connected with the prevention or detection of serious crime in the United Kingdom or elsewhere, or 45



(c) in the interests of justice,  
(but the regulations may not authorise the Minister to provide no statement of reasons).

- (10) In this section “organisation” includes any body, association or combination of persons. 5

### 13 Persons named by or under UN Security Council Resolutions

- (1) This section applies where –
- (a) the purpose, or a purpose, of a provision of regulations under section 1 is compliance with an obligation to take particular measures in relation to UN-named persons that the United Kingdom has by virtue of a UN Security Council Resolution (“the Resolution”), and 10
  - (b) for that provision of the regulations to achieve its purpose as regards that obligation, the relevant UN-named persons need to be designated persons for the purposes of that provision.
- (2) The regulations must provide for those persons to be designated persons for the purposes of that provision. 15
- (3) Provision under subsection (2) may be expressed in any way and may in particular refer to the Resolution, or any other instrument, as varied or supplemented from time to time.
- (4) In this section – 20
- a “UN-named person” means a person for the time being named (by the Security Council or a subsidiary organ of the Security Council) for the purposes of the Resolution so far as it provides for the taking of the measures in question, and
  - “the relevant UN-named persons” means each such person. 25

#### *Specified ships*

### 14 “Specified ships”

- (1) In each of section 7 and Schedule 1 “specified ships” means ships (within the meaning of that provision) specified under any power contained in the regulations that authorises an appropriate Minister to specify ships for the purposes of the regulations or of any provisions of the regulations. 30  
In this subsection “the regulations” means the regulations mentioned in section 7 or section 5(1) (as the case may be).
- (2) Subsections (3) to (8) apply to regulations under section 1 which authorise an appropriate Minister (“the Minister”) to specify ships. 35
- (3) The regulations may make provision about the way in which the power must or may be exercised, including provision authorising the Minister to specify ships by their International Maritime Organisation number.
- (4) The regulations may make provision as to the steps to be taken as regards notification and publicity where the power is exercised. 40
- (5) The regulations need not require a person to be notified of an intention to specify a ship.

- 
- (6) The regulations must contain provision which prohibits the Minister from specifying a ship except where the Minister –
- (a) has reasonable grounds to suspect that the ship is, has been, or is likely to be, involved in an activity specified in the regulations, and
  - (b) considers that it is appropriate for that ship to be specified, having regard to the purpose of the regulations as stated under section 1(3). 5
- (7) An activity may not be specified in the regulations by virtue of subsection (6)(a) unless the Minister considers that specifying the activity is appropriate having regard to the purpose of the regulations as stated under section 1(3).
- (8) The regulations may, in the case of any activity specified in the regulations, make provision as to the meaning for the purposes of the regulations of a ship’s being involved in that activity. 10

*Contents of sanctions regulations: further provision*

**15 Exceptions and licences**

- (1) In this section “regulations” means regulations under section 1. 15
- (2) Regulations may –
- (a) create exceptions to any prohibition or requirement imposed by the regulations;
  - (b) provide for a prohibition imposed by the regulations not to apply to anything done under the authority of a licence issued by an appropriate Minister specified in the regulations; 20
  - (c) provide for a requirement imposed by the regulations to be subject to such exceptions as an appropriate Minister specified in the regulations may direct.
- (3) Regulations may, as respects any licences or directions provided for under subsection (2)(b) or (c) – 25
- (a) provide that a licence or direction may be general or issued to a category of persons or a particular person;
  - (b) provide that a licence or direction must specify what is authorised by the licence or excepted by the direction; 30
  - (c) make provision as to what may, or may not, be authorised by a licence or excepted by a direction;
  - (d) provide that a licence or direction may contain conditions;
  - (e) provide that a licence or direction may not be issued unless criteria specified by the regulations are met; 35
  - (f) make provision as to the duration of licences or directions, which may enable them to be of indefinite duration or a defined duration;
  - (g) make provision enabling licences or directions to be varied, revoked or suspended;
  - (h) make provision as to notifications or publicity to be given in connection with licences or directions. 40
- (4) Where regulations provide for designated persons to be excluded persons for the purposes of section 8B of the Immigration Act 1971, the regulations may –
- (a) create exceptions from subsections (1) to (3) of that section in relation to any person who under the regulations is an excluded person (a “relevant person”); 45

- (b) authorise an appropriate Minister specified in the regulations to direct that, in relation to any relevant person specified, or of a description specified, in the direction, subsections (1) to (3) of that section have effect subject to exceptions specified in the direction.
  - (5) Regulations may, as respects any directions provided for under subsection (4)(b), make any provision mentioned (in relation to directions) in subsection (3)(d) to (h). 5
  - (6) The exceptions that may be created under subsection (2)(a) include exceptions in relation to acts done for the purposes of—
    - (a) national security; 10
    - (b) the prevention or detection of serious crime in the United Kingdom or elsewhere.In this subsection “act” includes an omission.
  - (7) Nothing in subsection (6) is to be taken to limit subsection (2).
- 16 Information** 15
- (1) Regulations under section 1 may make provision—
    - (a) requiring persons of a prescribed description—
      - (i) to inform an appropriate authority of prescribed matters;
      - (ii) to create and retain registers or records;
    - (b) authorising an appropriate authority to require persons of a prescribed description to provide information, or produce documents, of a prescribed description; 20
    - (c) conferring powers to inspect and copy prescribed documents or information;
    - (d) conferring powers of entry in relation to powers conferred by virtue of paragraph (b) or (c), and about the exercise of any such powers of entry; 25
    - (e) authorising or restricting the disclosure of information, including provision—
      - (i) about the purposes for which information held in connection with anything done under or by virtue of the regulations may be used; 30
      - (ii) about the persons to whom any such information may be disclosed.
  - (2) Without prejudice to anything in subsection (1), regulations under section 1 may include provision authorising or requiring prescribed information about a person designated by or under the regulations to be notified to prescribed persons or to be publicised. 35
  - (3) In subsection (1) “appropriate authority” means—
    - (a) an appropriate Minister, or
    - (b) such other person as may be prescribed. 40
- 17 Enforcement**
- (1) In this section “regulations” means regulations under section 1.
  - (2) Regulations may make provision—

- 
- (a) for the enforcement of any prohibitions or requirements imposed by regulations;
- (b) for the enforcement of any prohibitions or requirements imposed under regulations, including, in particular, prohibitions or requirements imposed by—
- (i) conditions of a licence or direction issued by virtue of section 15, or
- (ii) directions given by virtue of sections 6 and 7;
- (c) for preventing any prohibitions or requirements mentioned in paragraph (a) or (b) from being circumvented.
- (3) The provision that may be made by virtue of subsection (2) includes provision as to the powers and duties of any person who is to enforce the regulations.
- (4) Regulations may include provision applying, for the purpose of the enforcement of any relevant prohibition or requirement, any provision of the Customs and Excise Management Act 1979 specified in the regulations, with or without modifications.
- (5) In subsection (4) a “relevant prohibition or requirement” means—
- (a) a prohibition or requirement imposed by regulations for a purpose mentioned in—
- (i) section 3(1)(b) to (g) or (2), or
- (ii) Part 1 of Schedule 1, or
- (b) a prohibition or requirement imposed by a condition of a licence or direction issued by virtue of section 15 in relation to a prohibition or requirement mentioned in paragraph (a).
- (6) Regulations may provide that a particular offence which is—
- (a) created by virtue of this section, and
- (b) specified by the regulations,
- is an offence to which Chapter 1 of Part 2 of the Serious Organised Crime and Police Act 2005 (investigatory powers) applies.
- (7) Regulations may provide that a particular provision of the regulations which—
- (a) contains a prohibition or requirement imposed for a purpose mentioned in section 3(1) or (2), and
- (b) is specified by the regulations,
- is to be regarded as not being financial sanctions legislation for the purposes of Part 8 of the Policing and Crime Act 2017 (financial sanctions: monetary penalties).
- 18 Extra-territorial application**
- (1) Prohibitions or requirements may be imposed by or under regulations under section 1 in relation to—
- (a) conduct in the United Kingdom or in the territorial sea by any person;
- (b) conduct elsewhere, but only if the conduct is by a United Kingdom person.
- (2) In subsection (1) “United Kingdom person” means—
- (a) a United Kingdom national, or
- (b) a body incorporated or constituted under the law of any part of the United Kingdom.

- (3) For this purpose a United Kingdom national is an individual who is –
- (a) a British citizen, a British overseas territories citizen, a British National (Overseas) or a British Overseas citizen,
  - (b) a person who under the British Nationality Act 1981 is a British subject, or
  - (c) a British protected person within the meaning of that Act.
- (4) Her Majesty may by Order in Council provide for this section to have effect as if the list of persons in subsection (2) included a body incorporated or constituted under the law of any of the following named in the Order –
- (a) any of the Channel Islands;
  - (b) the Isle of Man;
  - (c) any of the British overseas territories.
- (5) In this section “conduct” includes acts and omissions.

## CHAPTER 2

### REVIEW BY APPROPRIATE MINISTER 15

#### *Revocation, variation and review of designations*

### 19 Power to vary or revoke designation made under regulations

- (1) In this section and section 20 –
- “a relevant designation” means a designation made under a designation power contained in regulations under section 1;
  - “the Minister”, in relation to a relevant designation, means the appropriate Minister who made that designation.
- (2) A relevant designation may at any time be varied or revoked by the Minister.
- (3) If at any time the Minister considers that the required conditions are not met in respect of a relevant designation, the Minister must revoke the designation.
- (4) In subsection (3) “the required conditions” means –
- (a) if the designation is of a named person, the conditions of the provision included in the regulations under section 11(2) (reading that provision, so far as made under section 11(2)(b), as if references to the designation were references to leaving the designation in place),
  - (b) if the designation is of persons of a specified description, the conditions of the provision included in the regulations under section 12(2) (reading that provision, so far as made under section 12(5)(b), as if references to the designation were references to leaving the designation in place).

### 20 Right to request variation or revocation of designation

- (1) At any time while a relevant designation has effect, the designated person may –
- (a) request the Minister to vary the designation, or
  - (b) request the Minister to revoke the designation.

- 
- (2) But where a request under this section has been made in respect of a designation, no further request may be made under this section in respect of that designation unless the grounds on which the further request is made are or include that there is a significant matter which has not previously been considered by the Minister. 5
- (3) On a request under this section the Minister must decide whether to vary or revoke the designation or to take no action with respect to it (but see section 19(3)).
- (4) In this section –  
     “the designated person” means the person named by the designation or, where the designation is of persons of a specified description, any person of that description; 10  
     “the Minister” has the meaning given by section 19(1);  
     “relevant designation” has the meaning given by section 19(1).
- 21 Periodic review of certain designations 15**
- (1) This section applies where –  
     (a) regulations under section 1 which contain a designation power are in force, and  
     (b) any qualifying designations have been made by an appropriate Minister under the power. 20
- (2) That appropriate Minister must in each review period –  
     (a) consider each qualifying designation which has effect, and  
     (b) decide in the case of each such designation whether to vary or revoke the designation or to take no action with respect to it (but see section 19(3)). 25
- (3) In this section a “qualifying designation” means a designation which designates a named person, or persons of a specified description, for the purposes of any provision of the regulations that –  
     (a) imposes a prohibition or requirement for a purpose mentioned in section 3(1)(a), (b)(i) or (d)(i) (asset-freezing etc), or 30  
     (b) provides for designated persons to be excluded persons for the purposes of section 8B of the Immigration Act 1971.
- (4) For the purposes of this section each of the following is a “review period” –  
     (a) the period of 3 years beginning with the date when the regulations are made, and 35  
     (b) each period of 3 years that begins with the date of completion of a review under this section of qualifying designations under the regulations.
- 22 Right of UN-named person to request review**
- (1) This section applies where – 40  
     (a) the purpose, or a purpose, of a provision of regulations under section 1 is compliance with an obligation to take particular measures that the United Kingdom has by virtue of a UN Security Council Resolution (“the Resolution”),  
     (b) a person is a designated person for the purposes of that provision, and 45

- (c) the person is such a designated person under provision included in the regulations by virtue of section 13 (persons named by or under UN Security Council Resolutions).
- (2) The person may request the Secretary of State to use the Secretary of State’s best endeavours to secure that the person’s name is removed from the relevant UN list. 5
- (3) But where a person has made a request under this section in respect of a designation, that person may make no further request under this section in respect of that designation unless the grounds on which the further request is made are or include that there is a significant matter which has not previously been considered by the Secretary of State. 10
- (4) On a request under this section the Secretary of State must decide whether or not to comply with the request.
- (5) For the purposes of this section a person’s name is “removed from the relevant UN list” if the person ceases to be named (by the Security Council or a subsidiary organ of the Security Council) for the purposes of the Resolution so far as it provides for the taking of the measures in question. 15

*Revocation and review in relation to ships*

**23 Power to revoke specification of ship made under regulations**

- (1) In this section and section 24 – 20
  - “a ship specification” means a specification of a ship made under a power contained in regulations under section 1 by virtue of section 14;
  - “the Minister”, in relation to a ship specification, means the appropriate Minister who made that specification.
- (2) A ship specification may at any time be revoked by the Minister. 25
- (3) If at any time the Minister considers that the required conditions are not met in respect of a ship specification, the Minister must revoke the specification.
- (4) In subsection (3) “the required conditions” means the conditions of the provision included in the regulations under section 14(6).

**24 Right to request revocation of specification of ship** 30

- (1) At any time while a ship specification has effect, any person affected by it may request the Minister to revoke the specification.
- (2) But where a person has made a request under this section in respect of a specification, no further request may be made under this section by that person or any other person in respect of that specification unless the grounds on which the further request is made are or include that there is a significant matter which has not previously been considered by the Minister. 35
- (3) On a request under this section the Minister must decide whether to revoke the specification or to take no action with respect to it (but see section 23(3)).
- (4) In this section – 40
  - “the Minister”, and
  - “ship specification”,

have the meaning given by section 23(1).

## **25 Periodic review where ships are specified**

- (1) This section applies where –
  - (a) regulations under section 1 are in force which by virtue of section 14 contain a power to specify a ship, and 5
  - (b) any specifications have been made by an appropriate Minister under that power.
- (2) That appropriate Minister must in each review period –
  - (a) consider each specification of a ship which has effect under the regulations, and 10
  - (b) decide in the case of each such specification whether to revoke it or to take no action with respect to it (but see section 23(3)).
- (3) For the purposes of this section each of the following is a “review period” –
  - (a) the period of 3 years beginning with the date when the regulations are made, and 15
  - (b) each period of 3 years that begins with the date of completion of a review under this section of specifications made under the regulations.

## **26 UN-designated ship: right to request review**

- (1) This section applies where a provision of regulations under section 1 is made by virtue of section 7(6) or paragraph 15 of Schedule 1 in relation to ships designated by the Security Council or a subsidiary organ of the Security Council for any purposes of a UN Security Council Resolution (“the Resolution”). 20
- (2) Any person affected by that provision may request the Secretary of State to use the Secretary of State’s best endeavours to secure that a ship so designated ceases to be designated for any purposes of the Resolution. 25
- (3) But where a person has made a request under this section in respect of the designation of a ship, no further request may be made under this section by that person or any other person in respect of that designation unless the grounds on which the further request is made are or include that there is a significant matter which has not previously been considered by the Secretary of State. 30
- (4) On a request under this section the Secretary of State must decide whether or not to comply with the request.

*Review of regulations* 35

## **27 Review by appropriate Minister of regulations under section 1**

- (1) Subsection (2) applies where any regulations under section 1 are in force.
- (2) The appropriate Minister who made the regulations must in each relevant period review whether the regulations are still appropriate for the purpose stated in them under section 1(3). 40



- (3) If a purpose so stated in any regulations under section 1 is a purpose other than compliance with a UN obligation or other international obligation, any review of those regulations under this section must also include a consideration of—
- (a) whether carrying out that purpose would meet any one or more of the conditions in paragraphs (a) to (d) of section 1(2), 5
  - (b) whether there are good reasons to pursue that purpose, and
  - (c) whether the imposition of sanctions is a reasonable course of action for that purpose.
- (4) In subsection (3)(c) “sanctions” means prohibitions and requirements of the kinds which are imposed by the regulations for the purpose in question (or both for that purpose and for another purpose of the regulations). 10
- (5) An appropriate Minister who has carried out a review under this section must lay before Parliament a report containing—
- (a) the conclusions of the review,
  - (b) the reasons for those conclusions, and 15
  - (c) a statement of any action that that Minister has taken or proposes to take in consequence of the review.
- (6) Nothing in subsection (5) requires the report to contain anything the disclosure of which may, in the opinion of that Minister, damage national security or international relations. 20
- (7) For the purposes of this section each of the following is a “relevant period” in relation to regulations under section 1—
- (a) the period of one year beginning with the date when the regulations are made;
  - (b) each period of one year that begins with the date when a report under this section containing the conclusions of a review of the regulations is laid before Parliament. 25

*Procedure for requests and reviews*

**28 Procedure for requests and reviews**

- (1) An appropriate Minister may by regulations make provision about the procedure to be followed in connection with a request under section 20, 22, 24 or 26 or a review under section 21, 25 or 27. 30
- (2) Regulations made under this section in relation to a request under section 20, 22, 24 or 26 must require—
- (a) the decision on any such request to be made as soon as reasonably practicable after the receipt by the appropriate Minister dealing with the request of the information needed for making the decision, and 35
  - (b) the person who made the request to be informed of the decision and the reasons for it as soon as reasonably practicable after the decision is made. 40
- (3) The regulations may authorise matters to be excluded from the reasons given for the decision where the appropriate Minister who made the decision considers that those matters should be excluded—
- (a) in the interests of national security or international relations,

- (b) for reasons connected with the prevention or detection of serious crime in the United Kingdom or elsewhere, or
  - (c) in the interests of justice,
- (but the regulations may not authorise that Minister to provide no reasons).

### CHAPTER 3

5

#### TEMPORARY POWERS IN RELATION TO EU SANCTIONS LISTS

#### 29 Temporary powers in relation to EU sanctions lists

- (1) This section applies where –
  - (a) a provision of retained EU sanctions law relates to persons named in any Annex, instrument or other document, or 10
  - (b) a provision of an instrument made by the Council of the European Union (however expressed) requires or recommends that persons named, or of a description specified, in that instrument or any other document must not or should not be admitted to the United Kingdom (see section 8B of the Immigration Act 1971). 15
- (2) An Annex, instrument or other document mentioned in subsection (1)(a) or (b) is an “EU sanctions list” for the purposes of this section.
- (3) An appropriate Minister may, in respect of any EU sanctions list –
  - (a) direct that a person’s name is to be treated as added to the list with effect from a date specified in the direction, or 20
  - (b) direct that a person’s name is to be treated as removed from the list with effect from a date specified in the direction.
- (4) The giving of a direction under paragraph (a) or (b) of subsection (3) does not prevent the giving of any subsequent direction under either of those paragraphs in respect of the same person. 25
- (5) The power to give a direction under this section is not exercisable after two years beginning with the day on which this section comes into force.
- (6) In this section “a provision of retained EU sanctions law” means a provision of retained EU law which corresponds to any provision that by virtue of any of sections 3 and 5 to 7 could be made by regulations under section 1 in relation to designated persons. 30
- (7) Section 30 makes further provision about directions under this section.

#### 30 Directions under section 29: further provision

- (1) An appropriate Minister may not under section 29 direct that a person’s name is to be treated as added to an EU sanctions list except where that Minister – 35
  - (a) has reasonable grounds to suspect that the person is an involved person (see subsections (2) and (3) below), and
  - (b) considers that it is appropriate to give the direction, having regard to –
    - (i) the purpose of the EU provision which relates to persons in that list (see subsections (4) and (5) below), and 40
    - (ii) the likely significant effects of the direction on the person to whom it relates (as they appear to that Minister to be on the basis of the information that the Minister has).

- (2) In subsection (1)(a) “an involved person” means a person who –
- (a) is or has been involved in an activity which is specified, by regulations made by an appropriate Minister, in relation to the list in question,
  - (b) is owned or controlled directly or indirectly by a person who is or has been so involved, 5
  - (c) is acting on behalf of or at the direction of a person who is or has been so involved, or
  - (d) is a member of, or associated with, a person who is or has been so involved.
- (3) An activity may not be specified by regulations under subsection (2)(a) unless the appropriate Minister making the regulations considers that specifying the activity is appropriate having regard to the purpose of the EU provision which relates to persons in the list in question. 10
- (4) In subsections (1) and (3) any reference to the “purpose” of any EU provision is to such purpose, or purposes, as may be prescribed in relation to that provision by regulations made by an appropriate Minister. 15
- (5) Any purpose prescribed under subsection (4) must be a purpose that it is reasonable to assume was the purpose (or one of the purposes) of the provision in question.
- (6) Regulations under subsection (2)(a) which specify an activity may also make provision as to the meaning, for the purposes of subsection (2) as it applies in relation to the list in question, of a person’s –
- (a) being involved in the specified activity;
  - (b) being “owned or controlled directly or indirectly by” another person;
  - (c) being “associated with” another person. 25
- (7) Regulations made by an appropriate Minister may make provision as to the steps to be taken as regards notification and publicity where a direction is given under section 29.
- (8) Regulations made under subsection (7) must, in relation to any case where a direction under section 29 has been given, require the appropriate Minister who gave the direction (“the Minister”) to take without delay such steps as are reasonably practicable –
- (a) to inform the person to whom it relates that the direction has been given, and
  - (b) where the direction is under section 29(3)(a), to include with that information a brief statement of the matters that the Minister knows, or has reasonable grounds to suspect, in relation to that person which have led the Minister to give the direction. 35
- (9) The regulations may authorise the statement required by virtue of subsection (8)(b) to exclude matters where the Minister considers that they should be excluded –
- (a) in the interests of national security or international relations,
  - (b) for reasons connected with the prevention or detection of serious crime in the United Kingdom or elsewhere, or
  - (c) in the interests of justice, 45
- (but the regulations may not authorise the Minister to provide no such statement).

- (10) The regulations need not require a person to be notified of an intention to make a direction under section 29.
- (11) In this section –  
“EU sanctions list” has the same meaning as in section 29;  
“EU provision” means – 5  
(a) a provision of retained EU sanctions law (within the meaning of section 29), or  
(b) a provision of an instrument made by the Council of the European Union.
- 31 Rights of person on EU sanctions list 10**
- (1) A person whose name is included, or treated as included, in an EU sanctions list may make a request for a direction under section 29(3)(b) that the person’s name be treated as removed from the list.  
This is subject to section 32 (UN-named persons).
- (2) Any request under this section must be made – 15  
(a) if the person is treated as included in the list by virtue of a direction under section 29(3)(a), to the appropriate Minister who gave that direction;  
(b) in any other case, to an appropriate Minister.
- (3) Where a request under this section has been made for a direction in respect of a person and a list, no further request may be made under this section in respect of that person and that list unless the grounds on which the further request is made are or include that there is a significant matter which has not previously been considered. 20
- (4) On a request under this section the appropriate Minister to whom the request is made must decide whether or not to comply with the request. 25
- (5) An appropriate Minister may by regulations make provision about the procedure to be followed in connection with a request under this section or section 32.
- (6) Regulations made under subsection (5) in relation to a request under this section or section 32 must require – 30  
(a) the decision on any such request to be made as soon as reasonably practicable after the receipt by the appropriate Minister dealing with the request of the information needed for making the decision, and  
(b) the person who made the request to be informed of the decision and the reasons for it as soon as reasonably practicable after the decision is made. 35
- (7) The regulations may authorise matters to be excluded from the reasons given for the decision where the appropriate Minister who made the decision considers that those matters should be excluded – 40  
(a) in the interests of national security or international relations,  
(b) for reasons connected with the prevention or detection of serious crime in the United Kingdom or elsewhere, or  
(c) in the interests of justice,  
(but the regulations may not authorise that Minister to provide no reasons). 45

- (8) In this section “EU sanctions list” has the same meaning as in section 29.

### **32 Rights of UN-named person on EU sanctions list**

- (1) This section applies where –
- (a) a person whose name is included or treated as included in an EU sanctions list is a person in relation to whom, by virtue of a UN Security Council Resolution (“the Resolution”), the United Kingdom has an obligation to take particular measures, and 5
  - (b) that obligation is met by –
    - (i) provision mentioned in section 29(1)(a) which relates to that EU sanctions list, or 10
    - (ii) the application to the person, by virtue of that EU sanctions list, of any provision of section 8B of the Immigration Act 1971.
- (2) The person –
- (a) may not make a request under section 31 in respect of the EU sanctions list concerned, but 15
  - (b) may at any relevant time make a request under this section for the Secretary of State to use the Secretary of State’s best endeavours to secure that the person’s name is removed from the relevant UN list.
- (3) Where a person has made a request under this section by virtue of being on an EU sanctions list, the person may make no further request under this section by virtue of being on that list unless the grounds on which the further request is made are or include that there is a significant matter which has not previously been considered by the Secretary of State. 20
- (4) On a request under this section the Secretary of State must decide whether or not to comply with the request. 25
- (5) For the purposes of this section a person’s name is “removed from the relevant UN list” if the person ceases to be named (by the Security Council or a subsidiary organ of the Security Council) for the purposes of the Resolution so far as it provides for the taking of the measures in question.
- (6) In subsection (2) a “relevant time” means a time when no provision of regulations under section 1 has been made the purpose (or a purpose) of which is compliance with the United Kingdom’s obligation to take the measures in question. 30
- (7) For the purposes of subsection (3) a person is “on” an EU sanctions list if the person’s name is included or treated as included in that list. 35
- (8) In this section “EU sanctions list” has the same meaning as in section 29.

## **CHAPTER 4**

### **COURT REVIEWS**

### **33 Court review of decisions**

- (1) This section applies to – 40

- 
- (a) any decision under section 20(3) or 21(2) (decision, following a request to or review by an appropriate Minister, on whether a designation of a person made under a designation power should be varied or revoked);
  - (b) any decision under section 24(3) or 25(2) (decision, following a request to or review by an appropriate Minister, on whether a ship specification should be revoked); 5
  - (c) any decision under section 22(4), 26(4), 31(4) or 32(4) not to comply with a request;
  - (d) any other decision of an appropriate Minister in connection with functions of that Minister under this Part or regulations under this Part, other than – 10
    - (i) a decision to make or vary, or not to revoke or vary, a designation under a designation power where the designated person has a right to make a request under section 20 or would have but for section 20(2), 15
    - (ii) a decision to make a ship specification, or not to revoke a ship specification, where a person has a right to make a request in respect of that specification under section 24 or would have but for section 24(2), or
    - (iii) a decision to give a direction under section 29(3)(a) where the person has a right to make a request under section 31 or would have but for section 31(3) or 32. 20
  - (2) The appropriate person may apply to the High Court or, in Scotland, the Court of Session, for the decision to be set aside.
  - (3) “The appropriate person” means – 25
    - (a) in relation to a decision within subsection (1)(a), the person named by the designation or, where the designation is of persons of a specified description, any person of that description;
    - (b) in relation to a decision within subsection (1)(b) or (d), any person affected by the decision; 30
    - (c) in relation to a decision within subsection (1)(c), the person who made the request.
  - (4) In determining whether the decision should be set aside, the court must apply the principles applicable on an application for judicial review.
  - (5) If the court decides that a decision should be set aside it may make any such order, or give any such relief, as could in the absence of this section be made or given in proceedings for judicial review of the decision; but this is subject to section 34(1) to (4). 35
  - (6) In this section and section 34 “a ship specification” means a specification of a ship made under a power contained in regulations under section 1 by virtue of section 14. 40

### **34 Court reviews: further provision**

- (1) Subsection (2) applies to the court in any of the following proceedings –
  - (a) any proceedings on an application under section 33 in respect of a decision mentioned in section 33(1)(a), (b) or (c) (“a relevant application”); 45
  - (b) any proceedings on a claim arising from any matter to which a relevant application relates;

- (c) if—
    - (i) a designation made under a designation power contained in regulations under section 1 is revoked without an application under section 33 being made,
    - (ii) a ship specification (within the meaning of section 33) is revoked without such an application being made, or
    - (iii) a corrective direction is given under section 29(3)(b) without such an application being made,any proceedings on a relevant claim. 5
  - (2) If the court would, in the absence of this subsection, have power to award damages, the court may not award damages unless— 10
    - (a) the reason (or one of the reasons) that the court would have that power is that it is satisfied that the tort of negligence was committed, or, in Scotland, that there has been negligence, or
    - (b) the court is satisfied that the decision concerned was made in bad faith. 15
  - (3) In subsection (1)(c)—
    - a “corrective direction” means a direction given in respect of a person and a list following the giving of a direction under section 29(3)(a) in respect of that person and list;
    - a “relevant claim” means a claim made by (as the case may be)— 20
      - (a) a person designated by the designation,
      - (b) a person affected by the ship specification, or
      - (c) the person in respect of whom the direction under section 29(3)(a) was given,which arises from any matter relating to the designation, ship specification or direction. 25
  - (4) In subsection (2) “the decision concerned” means—
    - (a) in relation to proceedings within subsection (1)(a) or (b) where the relevant application was in respect of a decision mentioned in section 33(1)(a), the decision in respect of which the relevant application was made or the designation to which that decision related; 30
    - (b) in relation to any other proceedings within subsection (1)(a) or (b), the decision in respect of which the relevant application was made;
    - (c) in relation to proceedings within subsection (1)(c), the designation or ship specification or the decision to give the direction under section 29(3)(a). 35
  - (5) A decision mentioned in sub-paragraph (i), (ii) or (iii) of section 33(1)(d) may not be questioned by way of proceedings for judicial review (and nor may a decision to which section 33 applies).
- 35 Rules of court 40**
- (1) Sections 66 to 68 of the Counter-Terrorism Act 2008 (supplementary provisions relating to rules of court and special advocates) apply in relation to proceedings—
    - (a) on an application under section 33 (court review of decisions), or
    - (b) on a claim arising from any matter to which such an application relates, 45as they apply in relation to financial restrictions proceedings within the meaning of section 65 of that Act, but with the following modification.

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- (2) That modification is that any reference in those sections to the Treasury is to be read, in relation to proceedings on an application under section 33 of this Act in respect of a decision of the Secretary of State or a claim arising from any matter to which such an application relates, as a reference to the Secretary of State. 5
- (3) The first time after the passing of this Act that rules of court are made in exercise of the powers conferred by subsection (1) in relation to proceedings in England and Wales—
- (a) on an application under section 33, or
  - (b) on a claim arising from any matter to which such an application relates, those rules (together with any related rules of court) may be made by the Lord Chancellor instead of by the person who would otherwise make them. 10
- (4) The first time after the passing of this Act that rules of court are made in exercise of the powers conferred by subsection (1) in relation to proceedings in Northern Ireland—
- (a) on an application under section 33, or
  - (b) on a claim arising from any matter to which such an application relates, those rules (together with any related rules of court) may be made by the Lord Chancellor instead of by the person who would otherwise make them. 15
- (5) Before making rules of court under this section, the Lord Chancellor must consult—
- (a) in relation to rules applicable to proceedings in England and Wales, the Lord Chief Justice of England and Wales;
  - (b) in relation to rules applicable to proceedings in Northern Ireland, the Lord Chief Justice of Northern Ireland. 20
- (6) The Lord Chancellor is not required to undertake any other consultation before making the rules.
- (7) The requirements of subsection (5)(a) and (b) may be satisfied by consultation that took place wholly or partly before the passing of this Act.
- (8) Rules of court made by the Lord Chancellor under this section—
- (a) must be laid before Parliament, and
  - (b) if not approved by a resolution of each House before the end of 28 days beginning with the day on which they were made, cease to have effect at the end of that period. 25
- (9) In calculating a period of 28 days for the purposes of subsection (8), no account is to be taken of any time during which Parliament is dissolved or prorogued or during which both Houses are adjourned for more than 4 days. 30
- (10) If rules cease to have effect in accordance with subsection (8)(b)—
- (a) that does not affect anything done under the rules, and
  - (b) subsection (3) or (as the case may be) (4) applies as if the rules had not been made. 35
- (11) The following provisions do not apply to rules of court made by the Lord Chancellor under this section—
- (a) section 3(6) of the Civil Procedure Act 1997 (Parliamentary procedure for civil procedure rules);
  - (b) section 56(1), (2) and (4) of the Judicature (Northern Ireland) Act 1978 (statutory rules procedure). 40
- 45



- (12) Section 4(1) of the Statutory Instruments Act 1946 (statutory instruments which are required to be laid before Parliament) applies to any such rules applicable to proceedings in Northern Ireland as it applies to a statutory instrument which is required to be laid before Parliament after being made.
- (13) Until section 85 of the Courts Act 2003 (process for making civil procedure rules) comes into force, in subsection (11)(a) above “section 3(6)” is to be read as “section 3(2)”. 5
- (14) In this section –  
“related rules of court” means rules of court that –  
(a) are contained in the same instrument as the rules mentioned in subsection (3) or (as the case may be) (4), and 10  
(b) relate specifically to the same kind of proceedings as those rules,  
“rules of court” means rules for regulating the practice and procedure to be followed in the High Court or the Court of Appeal. 15

## CHAPTER 5

### MISCELLANEOUS

#### 36 Suspension of prohibitions and requirements

- (1) An appropriate Minister may make regulations (“suspending regulations”) providing that – 20  
(a) while the suspending regulations have effect, or  
(b) for a specified period,  
a specified prohibition or requirement of regulations under section 1 is not to have effect.
- (2) In this section “specified” means specified in the suspending regulations. 25
- (3) A period specified under subsection (1)(b) may be expressed in any way, including, for example, being expressed in a way such that –  
(a) the period begins, or ends, when a specified condition is met, or  
(b) the period begins when a specified condition is met and lasts for so long as the suspending regulations or a specified provision of those regulations has effect. 30

#### 37 Guidance about regulations under section 1

- (1) Where regulations are made under section 1, the appropriate Minister who made the regulations must issue guidance about any prohibitions and requirements imposed by the regulations. 35
- (2) The guidance may include guidance about –  
(a) best practice for complying with the prohibitions and requirements;  
(b) the enforcement of the prohibitions and requirements;  
(c) circumstances where the prohibitions and requirements do not apply.

### **38 Protection for acts done for purposes of compliance**

- (1) This section applies to an act done in the reasonable belief that the act is in compliance with—
  - (a) regulations under section 1, or
  - (b) directions given by virtue of section 6 or 7. 5
- (2) A person is not liable to any civil proceedings to which that person would, in the absence of this section, have been liable in respect of the act.
- (3) In this section “act” includes an omission.

### **39 Revocation and amendment of regulations under section 1**

- (1) Section 1 includes a power, by further regulations under that section (“new regulations”)— 10
  - (a) to revoke any regulations under that section, or
  - (b) to amend any regulations under that section where the condition in subsection (2) below is met.
- (2) The condition referred to in subsection (1)(b) is that the appropriate Minister making the new regulations— 15
  - (a) considers that the regulations being amended will, as amended, be sanctions regulations within the meaning given by section 1(5) that are appropriate for the purpose stated in them under section 1(3), and
  - (b) if any purpose stated in the regulations being amended is a purpose other than compliance with a UN obligation or other international obligation, considers in respect of each such purpose— 20
    - (i) that carrying out that purpose would meet one or more of the conditions in paragraphs (a) to (d) of section 1(2),
    - (ii) that there are good reasons to pursue that purpose, and 25
    - (iii) that the imposition of sanctions is a reasonable course of action for that purpose.
- (3) In subsection (2)(b)(iii) “sanctions” means prohibitions and requirements of the kinds imposed by the amended regulations for the purpose in question (or both for that purpose and for another purpose of those regulations). 30  
 In this subsection “the amended regulations” means the regulations being amended as those regulations will be when amended.
- (4) Except as permitted by subsection (5), the purpose stated under section 1(3) in any regulations under section 1 may not be amended (but this does not prevent regulations under that section from being revoked and replaced by regulations with a purpose that is to any extent different from that of the revoked regulations). 35
- (5) Where the purpose stated under section 1(3) in any regulations under section 1 is or includes compliance with a specified UN obligation or other international obligation, regulations made by virtue of this section may amend that purpose so as to— 40
  - (a) add a reference to a UN obligation, or other international obligation, to which the United Kingdom is for the time being subject,
  - (b) substitute such a reference for another reference to a UN obligation or other international obligation, or 45

- (c) remove a reference to a UN obligation, or other international obligation, to which the United Kingdom is no longer subject.
- (6) The requirements of section 1(1) and (3), section 2 and section 27 do not apply in relation to regulations made by virtue of this section.
- (7) In relation to section 1, this section has effect in place of section 14 of the Interpretation Act 1978 (implied power to revoke and amend). 5

#### **40 Report where regulations for a purpose within section 1(2) are amended**

- (1) This section applies where –
  - (a) by virtue of section 39 regulations under section 1 are amended by further regulations under section 1 (“new regulations”), and 10
  - (b) the regulations being amended state under section 1(3) a purpose other than compliance with a UN obligation or other international obligation.
- (2) The appropriate Minister making the new regulations must at the required time lay before Parliament a report which explains why that Minister is of the opinion mentioned in section 39(2)(b). 15
- (3) Nothing in subsection (2) requires the report to contain anything the disclosure of which may in the opinion of that Minister damage national security or international relations.
- (4) In subsection (2) “the required time” means –
  - (a) where the new regulations are contained in a statutory instrument which is laid before Parliament after being made, the same time as the instrument is laid before Parliament; 20
  - (b) where a draft of a statutory instrument containing the new regulations is laid before Parliament, the same time as the draft is laid.

#### **41 Power to amend Part 1 so as to authorise additional sanctions** 25

- (1) An appropriate Minister may by regulations amend this Part so as to authorise regulations under section 1 to impose prohibitions or requirements of kinds –
  - (a) which are not for the time being authorised by Chapter 1 (ignoring section 8), but
  - (b) which are kinds of prohibition or requirement that the United Kingdom – 30
    - (i) has any UN obligation or other international obligation to impose, or
    - (ii) has at any time had any UN obligation or other international obligation to impose. 35
- (2) Without prejudice to the generality of subsection (1) or section 47(2), regulations under this section –
  - (a) may amend the definition of “sanctions regulations” in section 1(5), and
  - (b) where they make any such amendment, may amend this Part in connection with that amendment. 40
- (3) For the avoidance of doubt, regulations under this section may not add to or amend the purposes mentioned in section 1(1) or amend section 1(2).

**42 Power to make provision relating to certain appeals**

- (1) In this section an “immigration designation” means a designation of a person (whether by name or by description) which –
- (a) is made under a designation power contained in regulations under section 1, and 5
  - (b) designates the person for the purposes of any provision of the regulations that provides for designated persons to be excluded persons for the purposes of section 8B of the Immigration Act 1971.
- (2) In this section an “immigration claim” means any representation made by a person to an appropriate Minister which – 10
- (a) is made in connection with an immigration designation of that person, and
  - (b) is within subsection (3).
- (3) A representation is within this subsection if it is a representation by a person – 15
- (a) that removal from the United Kingdom of that person would –
    - (i) breach the United Kingdom’s obligations under the Human Rights Convention (“human rights obligations”), or
    - (ii) breach the United Kingdom’s obligations under the Refugee Convention (“Refugee Convention obligations”),
  - (b) that requiring that person to leave the United Kingdom would breach human rights obligations or breach Refugee Convention obligations, or 20
  - (c) that refusal of entry of that person into the United Kingdom would breach human rights obligations or breach Refugee Convention obligations.
- (4) The Secretary of State may by regulations make provision – 25
- (a) about the effect of an immigration claim, or a prescribed description of immigration claim, for the purposes of prescribed provisions of the Immigration Acts;
  - (b) for a decision of a prescribed description made by an appropriate Minister under this Part, or such a decision so far as relating to prescribed matters, to be treated as a decision from which a person may appeal under section 82(1) of the Nationality, Immigration and Asylum Act 2002 (“the 2002 Act”); 30
  - (c) modifying Part 5 of the 2002 Act in relation to an appeal relating to such a decision; 35
  - (d) preventing the court in proceedings on an application under section 33 above from considering prescribed issues where –
    - (i) an immigration claim has been made and the circumstances are such as may be prescribed, or
    - (ii) a representation within subsection (3) is made in the proceedings and the circumstances are such as may be prescribed; 40
  - (e) in relation to any case where under regulations under section 1 above a person is an excluded person for the purposes of section 8B of the Immigration Act 1971, disapplying any of subsections (1), (2) and (3) of that section until the end of a prescribed period or until the occurrence of a prescribed event. 45
- (5) In this section “the Human Rights Convention” and “the Refugee Convention” have the same meaning as in section 8B of the Immigration Act 1971.

## PART 2

### ANTI-MONEY LAUNDERING

- 43 Money laundering and terrorist financing etc**
- (1) An appropriate Minister may by regulations make provision for one or more of the following purposes – 5
- (a) enabling or facilitating the detection or investigation of money laundering, or preventing money laundering;
  - (b) enabling or facilitating the detection or investigation of terrorist financing, or preventing terrorist financing;
  - (c) the implementation of Standards published by the Financial Action Task Force from time to time relating to combating threats to the integrity of the international financial system. 10
- (2) Regulations under subsection (1) may not make provisions that create new criminal offences.
- (3) Schedule 2 makes further provision about regulations under this section. 15
- (4) In this Part –
- “money laundering” has the meaning given by section 340(11) of the Proceeds of Crime Act 2002;
  - “terrorist financing” means an act which constitutes an offence under –
- (a) section 15 (fund-raising), 16 (use and possession), 17 (funding arrangements), 18 (money laundering) or 63 (terrorist finance: jurisdiction) of the Terrorism Act 2000, 20
  - (b) paragraph 7(2) or (3) of Schedule 3 (freezing orders: offences) to the Anti-terrorism, Crime and Security Act 2001,
  - (c) regulation 10 (contravention and circumvention of prohibitions) of the ISIL (Da’esh) and Al-Qaida (Asset-Freezing) Regulations 2011 (S.I. 2011/2742), or 25
  - (d) section 11 (freezing of funds and economic resources), 12 (making funds or financial services available to designated person), 13 (making funds or financial services available for benefit of designated person), 14 (making economic resources available to designated person), 15 (making economic resources available for benefit of designated person) or 18 (circumventing prohibitions etc) of the Terrorist Asset-Freezing etc Act 2010. 30
- 44 Reports on progress towards register of beneficial owners of overseas entities** 35
- (1) The Secretary of State must, after the end of each reporting period, publish a report explaining the progress that has been made during that period towards putting in place a register of beneficial owners of overseas entities.
- (2) For the purposes of this section, the following are reporting periods –
- (a) the period of 12 months beginning with the day on which this section comes into force; 40
  - (b) the period of 12 months beginning with the day after the end of the period mentioned in paragraph (a);
  - (c) the period of 12 months beginning with the day after the end of the period mentioned in paragraph (b). 45

- (3) The first and second reports under this section must include –
- (a) a statement setting out the steps that are to be taken in the next reporting period towards putting the register in place, and
  - (b) an assessment of when the register will be put in place.
- (4) The third report under this section must include a statement setting out what further steps, if any, are to be taken towards putting the register in place. 5
- (5) Where a report is published under this section the Secretary of State must lay a copy of it before Parliament.
- (6) For the purposes of this section “a register of beneficial owners of overseas entities” means a public register – 10
- (a) which contains information about overseas entities and persons with significant control over them, and
  - (b) which in the opinion of the Secretary of State will assist in the prevention of money laundering.

### PART 3 15

#### GENERAL

#### *Supplementary*

#### 45 Crown application

- (1) Regulations under section 1 or 43 may make provision binding the Crown.
- (2) The regulations may not provide for the Crown to be criminally liable. 20
- (3) Nothing in this Act affects Her Majesty in Her private capacity (within the meaning of the Crown Proceedings Act 1947).

#### 46 Saving for prerogative powers

Nothing in this Act affects any power to exclude a person from the United Kingdom by virtue of the prerogative of the Crown. 25

#### 47 Regulations: general

- (1) Regulations under this Act may –
- (a) make different provision for different purposes;
  - (b) confer functions on a prescribed person;
  - (c) confer jurisdiction on any court or tribunal. 30
- (2) Regulations under this Act may make supplemental, incidental, consequential, transitional or saving provision, including –
- (a) in the case of regulations under section 1 or 43, provision amending, repealing or revoking enactments (whenever passed or made), and
  - (b) in the case of regulations under section 1 which repeal or revoke an enactment, provision for persons designated by or under that enactment to be treated as persons designated under the regulations. 35
- (3) Regulations under section 1 may amend section 43(4) so as to –

- (a) add to the definition of “terrorist financing” a reference to any provision of the regulations that creates an offence, or
  - (b) remove from that definition, in consequence of any revocation made by the regulations, any reference to a provision of regulations that is so revoked. 5
- (4) Any power under this Act to make regulations is exercisable by statutory instrument.
- (5) In this section “enactment” includes –
  - (a) an enactment contained in any Order in Council, order, rules, regulations or other instrument made under an Act, 10
  - (b) an enactment contained in, or in an instrument made under, an Act of the Scottish Parliament,
  - (c) an enactment contained in, or in an instrument made under, a Measure or Act of the National Assembly for Wales,
  - (d) an enactment contained in, or in an instrument made under, Northern Ireland legislation, and 15
  - (e) any retained direct EU legislation.
- (6) In subsection (2)(b) the reference to persons “designated” by or under a repealed or revoked enactment includes, where the enactment is retained direct EU legislation, persons listed in or under that enactment. 20
- (7) This section does not apply to regulations under –
  - (a) section 49 (regulations under section 1: transitory provision), or
  - (b) section 55 (commencement).

#### **48 Parliamentary procedure for regulations**

- (1) Subsection (3) applies to a statutory instrument which – 25
  - (a) contains non-UN regulations under section 1 (see subsection (7)),
  - (b) does not contain any UN regulations under that section, and
  - (c) is not a statutory instrument mentioned in subsection (5)(a) to (d).
- (2) Subsection (3) also applies to a statutory instrument which contains only regulations under section 43 which make new provision about high-risk countries (see subsection (9)). 30
- (3) A statutory instrument to which this subsection applies –
  - (a) must be laid before Parliament after being made, and
  - (b) if not approved by a resolution of each House of Parliament before the end of 28 days beginning with the day on which it is made, ceases to have effect at the end of that period (but without that affecting anything done under the regulations or the power to make new regulations). 35
- (4) In calculating a period of 28 days for the purposes of subsection (3), no account is to be taken of any time during which Parliament is dissolved or prorogued or during which both Houses are adjourned for more than 4 days. 40
- (5) A statutory instrument containing (whether alone or with other provision) –
  - (a) regulations under section 1 that repeal, revoke or amend any provision of primary legislation,
  - (b) regulations under section 41,
  - (c) regulations under section 42, or 45

- (d) regulations under section 43, may not be made unless a draft of the instrument has been laid before, and approved by a resolution of, each House of Parliament. This subsection does not apply to a statutory instrument to which subsection (3) applies by virtue of subsection (2). 5
- (6) A statutory instrument containing regulations under this Act which is not—  
 (a) a statutory instrument to which subsection (3) applies,  
 (b) a statutory instrument mentioned in subsection (5)(a) to (d),  
 (c) a statutory instrument containing only regulations under section 49, or  
 (d) a statutory instrument containing only regulations under section 55, 10  
 is subject to annulment in pursuance of a resolution of either House of Parliament.
- (7) In subsection (1) “UN regulations” means regulations under section 1 that—  
 (a) are regulations the stated purpose of which, or one of the stated purposes of which, is compliance with a UN obligation, or 15  
 (b) amend regulations under section 1 the stated purpose of which, or one of the stated purposes of which, is compliance with a UN obligation, and “non-UN regulations” means any regulations under section 1 which are not UN regulations.
- (8) For the purposes of subsection (7), a purpose is a “stated purpose” of regulations under section 1 if it is stated under section 1(3) in the regulations. 20
- (9) For the purposes of subsection (2), regulations under section 43 “make new provision about high-risk countries” if they add or remove an entry in a list of countries in relation to which enhanced customer due diligence measures are required to be taken by virtue of— 25  
 (a) the Money Laundering Regulations 2017 (S.I. 2017/692), or  
 (b) regulations under section 43.
- (10) In this section “primary legislation” means—  
 (a) an Act of Parliament,  
 (b) an Act of the Scottish Parliament, 30  
 (c) a Measure or Act of the National Assembly for Wales, or  
 (d) Northern Ireland legislation.

#### 49 Regulations under section 1: transitory provision

- (1) If the appropriate Minister making a statutory instrument containing (whether alone or with other provision) any regulations under section 1 considers it is appropriate to do so in consequence of, or otherwise in connection with, the withdrawal of the United Kingdom from the EU, the instrument may provide that it comes into force, or that any provision of regulations contained in the instrument comes into force, on such day as that Minister may by regulations under this section appoint. 35 40
- (2) Any power of an appropriate Minister to appoint a day under this section includes—  
 (a) a power to appoint different days for different purposes, and  
 (b) a power to appoint a time on a day if that Minister considers it appropriate to do so (including a time that has effect by reference to the coming into force of any other enactment). 45



- (3) Any power under this section to make regulations is exercisable by statutory instrument.
- (4) Subsection (5) applies in the case of a statutory instrument –
  - (a) which contains provision by virtue of subsection (1) of this section, and
  - (b) to which section 48(3) applies by virtue of subsection (1) of that section. 5
- (5) Where this subsection applies –
  - (a) the reference in section 48(3)(b) to the day on which the statutory instrument is made is to be read as a reference to the first day on which any provision of the regulations contained in the instrument comes into force for any purpose in accordance with regulations under this section, and 10
  - (b) any reference in section 48(3) or (4) to 28 days is to be read as a reference to 60 days.
- (6) In this section “enactment” includes an enactment mentioned in any of paragraphs (a) to (d) of section 47(5). 15

## 50 Consequential amendments and repeals

- (1) Part 1 of the Terrorist Asset-Freezing etc Act 2010 is repealed, except for –
  - (a) paragraphs 1 to 5 of Schedule 1 to that Act (amendments of rules of court), and
  - (b) section 45(1) of that Act so far as it introduces that Schedule. 20
- (2) Neither paragraphs 1 to 5 of Schedule 1 to that Act, nor the exception of those paragraphs from the repeal made by subsection (1), affects any power to amend or revoke any provision of –
  - (a) the Rules of the Court of Judicature (Northern Ireland) 1980 (S.R. 1980/346), or 25
  - (b) the Civil Procedure Rules 1998 (S.I. 1998/3132)).
- (3) Subsection (1) does not affect the power in section 54 of the Terrorist Asset-Freezing etc Act 2010 to make provision by Order in Council extending to any of the Channel Islands, the Isle of Man or any British overseas territory.
- (4) Part 1 of Schedule 3 contains amendments consequential on Parts 1 and 2 of this Act. 30
- (5) Part 2 of Schedule 3 contains repeals and other provision consequential on subsection (1).

### *Definitions*

## 51 Meaning of “funds”, “economic resources” and “freeze” 35

- (1) In this Act “funds” means financial assets and benefits of every kind, including (but not limited to) –
  - (a) cash, cheques, claims on money, drafts, money orders and other payment instruments;
  - (b) deposits, balances on accounts, debts and debt obligations; 40
  - (c) publicly and privately traded securities and debt instruments, including stocks and shares, certificates representing securities, bonds, notes, warrants, debentures and derivative products;

- (d) interest, dividends and other income on or value accruing from or generated by assets;
  - (e) credit, rights of set-off, guarantees, performance bonds and other financial commitments;
  - (f) letters of credit, bills of lading and bills of sale; 5
  - (g) documents providing evidence of an interest in funds or financial resources;
  - (h) any other instrument of export financing.
- (2) In this Act “economic resources” means assets of every kind, whether tangible or intangible, movable or immovable, which are not funds but can be used to obtain funds, goods or services. 10
- (3) In this Act references to “freezing” funds are to preventing funds from being dealt with; and for the purposes of this subsection funds are “dealt with” if—
- (a) they are used, altered, moved, or transferred or access is allowed to them, 15
  - (b) they are dealt with in any other way that would result in any change in volume, amount, location, ownership, possession, character or destination, or
  - (c) any other change is made that would enable their use, including portfolio management. 20
- (4) In this Act references to “freezing” economic resources are to preventing economic resources from being dealt with; and for the purposes of this subsection economic resources are “dealt with” if—
- (a) they are exchanged for funds, goods or services, or
  - (b) they are used in exchange for funds, goods or services (whether by being pledged as security or otherwise). 25

## 52 Meaning of “financial services” and “financial products”

- (1) In this Act “financial services” means any service of a financial nature, including (but not limited to) —
- (a) insurance-related services consisting of— 30
    - (i) direct life assurance;
    - (ii) direct insurance other than life assurance;
    - (iii) reinsurance and retrocession;
    - (iv) insurance intermediation, such as brokerage and agency;
    - (v) services auxiliary to insurance, such as consultancy, actuarial, risk assessment and claim settlement services; 35
  - (b) banking and other financial services consisting of—
    - (i) accepting deposits and other repayable funds;
    - (ii) lending (including consumer credit, mortgage credit, factoring and financing of commercial transactions); 40
    - (iii) financial leasing;
    - (iv) payment and money transmission services (including credit, charge and debit cards, travellers’ cheques and bankers’ drafts);
    - (v) providing guarantees or commitments;
    - (vi) financial trading (as defined in subsection (2)); 45

- (vii) participating in issues of any kind of securities (including underwriting and placement as an agent, whether publicly or privately) and providing services related to such issues;
  - (viii) money brokering;
  - (ix) asset management, such as cash or portfolio management, all forms of collective investment management, pension fund management, custodial, depository and trust services; 5
  - (x) settlement and clearing services for financial assets (including securities, derivative products and other negotiable instruments); 10
  - (xi) providing or transferring financial information, and financial data processing or related software (but only by suppliers of other financial services);
  - (xii) providing advisory and other auxiliary financial services in respect of any activity listed in sub-paragraphs (i) to (xi) (including credit reference and analysis, investment and portfolio research and advice, advice on acquisitions and on corporate restructuring and strategy). 15
- (2) In subsection (1)(b)(vi), “financial trading” means trading for own account or for account of customers, whether on an investment exchange, in an over-the-counter market or otherwise, in financial products. 20
- (3) In this Act “financial products” means –
- (a) money market instruments (including cheques, bills and certificates of deposit);
  - (b) foreign exchange; 25
  - (c) derivative products (including futures and options);
  - (d) exchange rate and interest rate instruments (including products such as swaps and forward rate agreements);
  - (e) transferable securities;
  - (f) other negotiable instruments and financial assets (including bullion). 30

### 53 Interpretation

- (1) In this Act –
- “appropriate Minister” is to be read in accordance with section 1(8);
  - “country” includes any territory, region or other place;
  - “designation power” has the meaning given by section 10(1); 35
  - “economic resources” has the meaning given by section 51(2);
  - “financial products” has the meaning given by section 52(3);
  - “financial services” has the meaning given by section 52(1);
  - “freeze”, in relation to funds or economic resources, has the meaning given by section 51(3) and (4); 40
  - “funds” has the meaning given by section 51(1);
  - “international obligation” has the meaning given by section 1(7);
  - “person” has the meaning given by section 9(5);
  - “prescribed”, in any provision relating to regulations, means prescribed by the regulations; 45
  - “retained direct EU legislation” has the same meaning as in the European Union (Withdrawal) Act 2018 (see section 14(1) of that Act);

- “retained EU law” has the same meaning as in that Act (see section 6(7) of that Act);
- “the Security Council” means the Security Council of the United Nations;
- “the territorial sea” (without more) means the territorial sea adjacent to the United Kingdom; 5
- “terrorism” has the same meaning as in the Terrorism Act 2000 (see section 1(1) to (4) of that Act);
- “UN obligation” has the meaning given by section 1(7);
- “UN Security Council Resolution” has the meaning given by section 1(7).
- (2) Any reference in this Act to a person named “for the purposes of” a UN Security Council Resolution so far as it provides for the taking of particular measures includes any person who, by virtue of – 10
- (a) being named for any purposes by the Security Council or a subsidiary organ of the Security Council, and
- (b) the terms of the resolution, 15
- is a person in relation to whom the resolution provides for the measures to be taken.
- (3) Any reference in this Act to ships designated “for purposes of” a UN Security Council Resolution which provides for the taking of measures in relation to ships includes any ship which, by virtue of – 20
- (a) being designated for any purposes by the Security Council or a subsidiary organ of the Security Council, and
- (b) the terms of the resolution, 25
- is a ship in relation to which the resolution provides for the measures to be taken.
- (4) Regulations under section 1 may make provision as to the meaning of any reference in the regulations to funds, economic resources or technology (or a particular description of funds, economic resources or technology) being – 30
- (a) owned by a person,
- (b) held by a person,
- (c) controlled by a person, or
- (d) made available to or for the benefit of a person.
- (5) Regulations under section 1 may make provision as to the meaning of any reference in the regulations to a person “owning” or “controlling” another person. 35
- (6) Regulations under section 1 may make provision as to the connection that is required between –
- (a) a person, or a person of a prescribed description, and
- (b) a country, 40
- in order for the person to be regarded as “connected with” that country for the purposes of any provision of the regulations.

#### *Final provisions*

#### **54 Extent**

- (1) Subject to the following provisions of this section, this Act extends to England and Wales, Scotland and Northern Ireland. 45

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- (2) Any amendment or repeal made by Schedule 3 of any provision of –  
(a) the Senior Courts Act 1981,  
(b) the Crime and Courts Act 2013, or  
(c) the Charities Act 2011,  
does not extend to Scotland or Northern Ireland. 5
- (3) Her Majesty may by Order in Council provide for any of the provisions of Part 1 and this Part, or any regulations under Part 1 (whether made before or after the making of the Order in Council), to extend with or without modifications to –  
(a) any of the Channel Islands; 10  
(b) the Isle of Man;  
(c) any of the British overseas territories.
- (4) The power conferred by subsection (3), so far as relating to regulations, includes power to provide for the regulations as amended from time to time to extend as mentioned in that subsection. 15
- (5) Her Majesty may by Order in Council provide for the repeal in section 50(1) (repeal of provisions of the Terrorist Asset-Freezing etc Act 2010) to extend to –  
(a) any of the Channel Islands;  
(b) the Isle of Man; 20  
(c) any of the British overseas territories.
- (6) The power under section 36 of the Immigration Act 1971 may be exercised so as to extend to any of the Channel Islands or the Isle of Man any amendment made by this Act of any part of that Act (with or without modifications).
- (7) The power under section 272(6) of the Investigatory Powers Act 2016 may be exercised so as to extend to the Isle of Man or any of the British overseas territories any amendment made by this Act of any part of that Act (with or without modifications). 25

## 55 Commencement

- (1) The following provisions come into force on the day on which this Act is passed – 30  
(a) section 44;  
(b) sections 45 to 49;  
(c) sections 51 to 54;  
(d) this section; 35  
(e) section 56.
- (2) The remaining provisions of this Act come into force on such day as the Secretary of State may by regulations appoint.
- (3) Different days may be appointed for different purposes.
- (4) The Secretary of State may by regulations make transitional or saving provision in connection with the coming into force of any provision of this Act. 40
- (5) Any power under this section to make regulations is exercisable by statutory instrument.

**56 Short title**

- (1) This Act may be cited as the Sanctions and Anti-Money Laundering Act 2018.
- (2) **Nothing in this Act shall impose any charge on the people or on public funds, or vary the amount or incidence of or otherwise alter any such charge in any manner, or affect the assessment, levying, administration or application of any money raised by any such charge.**

## SCHEDULES

### SCHEDULE 1

Section 5

#### TRADE SANCTIONS

#### PART 1

#### TRADE SANCTIONS

5

- 1 The purposes referred to in section 5(1) are the purposes set out in paragraphs 2 to 16.
- 2 Preventing the export of goods of a prescribed description –
  - (a) to, or for the benefit of –
    - (i) designated persons (see section 9), 10
    - (ii) persons connected with a prescribed country, or
    - (iii) a prescribed description of persons connected with a prescribed country, or
  - (b) to, for the benefit of, or for use in, a prescribed country.
- 3 Preventing the import of all goods, or of goods of a prescribed description – 15
  - (a) which are consigned from a prescribed country,
  - (b) which originate in a prescribed country,
  - (c) which are consigned from or imported, manufactured, produced or owned by –
    - (i) designated persons, 20
    - (ii) persons connected with a prescribed country, or
    - (iii) a prescribed description of persons connected with a prescribed country,
  - (d) for the benefit of –
    - (i) designated persons, 25
    - (ii) persons connected with a prescribed country, or
    - (iii) a prescribed description of persons connected with a prescribed country, or
  - (e) for the benefit of a prescribed country.
- 4 Preventing the movement outside the United Kingdom of goods of a prescribed description – 30
  - (a) to, or for the benefit of –
    - (i) designated persons,
    - (ii) persons connected with a prescribed country, or
    - (iii) a prescribed description of persons connected with a prescribed country, 35
  - (b) to, or for the benefit of, a prescribed country,

- 
- (c) from a prescribed country,
  - (d) which originate in a prescribed country, or
  - (e) in specified ships (see section 14).
- 5 Preventing a transfer of technology of a prescribed description –
- (a) to, or for the benefit of – 5
    - (i) designated persons,
    - (ii) persons connected with a prescribed country, or
    - (iii) a prescribed description of persons connected with a prescribed country,
  - (b) to a place (see paragraph 35) in a prescribed country, 10
  - (c) to, or for the benefit of, persons outside the United Kingdom, where the transfer is from a designated person, a person connected with a prescribed country or a place in a prescribed country,
  - (d) to a place outside the United Kingdom, where the transfer is from a designated person, a person connected with a prescribed country or a place in a prescribed country, 15
  - (e) to persons (other than designated persons) in the United Kingdom, where the person effecting, or responsible for, the transfer has reason to believe that the technology may be used in a prescribed country, or 20
  - (f) to a place in the United Kingdom, where the person effecting, or responsible for, the transfer has reason to believe that the technology may be used in a prescribed country.
- 6 Preventing goods or technology of a prescribed description from being made available – 25
- (a) to, or for the benefit of –
    - (i) designated persons,
    - (ii) persons connected with a prescribed country, or
    - (iii) a prescribed description of persons connected with a prescribed country, 30
  - (b) for the benefit of, or for use in, a prescribed country, or
  - (c) for use in connection with specified ships.
- 7 Preventing the acquisition of goods or technology of a prescribed description – 35
- (a) from, or for the benefit of –
    - (i) designated persons,
    - (ii) persons connected with a prescribed country,
    - (iii) a prescribed description of persons connected with a prescribed country, or
    - (iv) persons on board specified ships, or 40
  - (b) in, or which originate in, a prescribed country.
- 8 Preventing land, or land of a prescribed description, from being made available to, or for the benefit of – 45
- (a) designated persons,
  - (b) persons connected with a prescribed country, or
  - (c) a prescribed description of persons connected with a prescribed country.



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| 9  | Preventing the acquisition of land, or land of a prescribed description –  |    |
|    | (a) from, or for the benefit of –  |    |
|    | (i) designated persons,  |    |
|    | (ii) persons connected with a prescribed country, or   |    |
|    | (iii) a prescribed description of persons connected with a prescribed country, or  | 5  |
|    | (b) in a prescribed country.   |    |
| 10 | Preventing –   |    |
|    | (a) activities of a prescribed description relating (directly or indirectly) to military activities from being carried on for the benefit of –   | 10 |
|    | (i) designated persons,  |    |
|    | (ii) persons connected with a prescribed country, or   |    |
|    | (iii) a prescribed description of persons connected with a prescribed country, or  |    |
|    | (b) activities of a prescribed description from being carried on, where the activities relate (directly or indirectly) to military activities carried on, or proposed to be carried on, in a prescribed country. | 15 |
| 11 | Preventing all services, or services of a prescribed description, from being provided –  |    |
|    | (a) to, or for the benefit of –  | 20 |
|    | (i) designated persons,  |    |
|    | (ii) persons connected with a prescribed country, or   |    |
|    | (iii) a prescribed description of persons connected with a prescribed country, or  |    |
|    | (b) in the United Kingdom by a prescribed description of persons connected with a prescribed country.  | 25 |
| 12 | Preventing all services, or services of a prescribed description, from being procured –  |    |
|    | (a) from, or for the benefit of –  |    |
|    | (i) designated persons,  | 30 |
|    | (ii) persons connected with a prescribed country, or   |    |
|    | (iii) a prescribed description of persons connected with a prescribed country, or  |    |
|    | (b) for provision in a prescribed country.   |    |
| 13 | Preventing services, or services of a prescribed description, from being provided or procured, where the services relate to –  | 35 |
|    | (a) the export of goods of a prescribed description to, or for the benefit of, persons as mentioned in paragraph 2(a),   |    |
|    | (b) the export of goods of a prescribed description to, for the benefit of, or for use in, a prescribed country,   | 40 |
|    | (c) the import of goods, or goods of a prescribed description, which are consigned from, or originate in, a prescribed country,  |    |
|    | (d) the import of goods, or goods of a prescribed description, which are consigned from or imported, manufactured, produced or owned by persons as mentioned in paragraph 3(c),                                  | 45 |
|    | (e) the import of goods, or goods of a prescribed description, for the benefit of persons as mentioned in paragraph 3(d),  |    |

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| (f) | the import of goods, or goods of a prescribed description, for the benefit of a prescribed country,   |    |
| (g) | the movement of goods of a prescribed description to, or for the benefit of, persons as mentioned in paragraph 4(a),  |    |
| (h) | the movement of goods of a prescribed description to, or for the benefit of, a prescribed country,  | 5  |
| (i) | the movement of goods of a prescribed description from a prescribed country, or which originate in a prescribed country,  |    |
| (j) | the movement of goods of a prescribed description in specified ships,   |    |
| (k) | the transfer of technology of a prescribed description to, or for the benefit of, persons as mentioned in sub-paragraph (a), (c) or (e) of paragraph 5,                     | 10 |
| (l) | the transfer of technology of a prescribed description to a place as mentioned in sub-paragraph (b), (d) or (f) of paragraph 5,   |    |
| (m) | the making available of goods or technology of a prescribed description to, or for the benefit of, persons as mentioned in paragraph 6(a),                                  | 15 |
| (n) | the making available of goods or technology of a prescribed description for the benefit of, or for use in, a prescribed country,  |    |
| (o) | the making available of goods or technology of a prescribed description for use in connection with specified ships,   | 20 |
| (p) | the acquisition of goods or technology of a prescribed description from, or for the benefit of, persons as mentioned in paragraph 7(a),                                     |    |
| (q) | the acquisition of goods or technology of a prescribed description in, or which originate in, a prescribed country,   | 25 |
| (r) | the making available of land, or land of a prescribed description, to, or for the benefit of, persons as mentioned in paragraph 8,  |    |
| (s) | the acquisition of land, or land of a prescribed description, from, or for the benefit of, persons as mentioned in paragraph 9(a),  |    |
| (t) | the acquisition of land, or land of a prescribed description, in a prescribed country,  | 30 |
| (u) | the carrying on of activities of a prescribed description as mentioned in sub-paragraph (a) of paragraph 10 for the benefit of persons as mentioned in that sub-paragraph,  |    |
| (v) | the carrying on of activities of a prescribed description as mentioned in paragraph 10(b), or   | 35 |
| (w) | the provision or procurement of other services, or services of a prescribed description, which relate to a matter mentioned in any of sub-paragraphs (a) to (v).            |    |
| 14  | Preventing services, or services of a prescribed description, from being provided or procured, where the services relate to—  | 40 |
| (a) | the provision of other services, or services of a prescribed description, to, or for the benefit of, persons as mentioned in paragraph 11(a),                               |    |
| (b) | the provision of other services, or services of a prescribed description, in the United Kingdom by a prescribed description of persons connected with a prescribed country, | 45 |
| (c) | the procurement of other services, or services of a prescribed description, from, or for the benefit of, persons as mentioned in paragraph 12(a),                           | 50 |

- (d) the procurement of other services, or services of a prescribed description, for provision in a prescribed country,
  - (e) projects, industries, sectors or infrastructure of a prescribed description in a prescribed country,
  - (f) activities of a prescribed description carried on, or proposed to be carried on, in a prescribed country, 5
  - (g) trade with a prescribed country,
  - (h) aircraft registered in a prescribed country,
  - (i) ships registered in a prescribed country,
  - (j) specified ships, or 10
  - (k) the provision or procurement of other services, or services of a prescribed description, which relate to a matter mentioned in any of sub-paragraphs (e) to (j).
- 15 So far as a UN Security Council Resolution provides for the taking of measures in relation to ships designated for purposes of that resolution, and so far as the purposes set out in this paragraph are relevant to that resolution, preventing— 15
- (a) the movement outside the United Kingdom of goods of a prescribed description in such ships,
  - (b) goods or technology of a prescribed description from being made available for use in connection with such ships, 20
  - (c) the acquisition of goods or technology of a prescribed description from persons on board such ships, or
  - (d) the provision or procurement of services which relate to such ships.
- 16 Preventing— 25
- (a) the export, import, movement, making available or acquisition of objects of cultural interest, or objects of cultural interest of a prescribed description, which have been removed from a prescribed country, or
  - (b) services of a prescribed description from being provided or procured, where the services relate to objects of cultural interest, or objects of cultural interest of a prescribed description, which have been removed from a prescribed country. 30

## PART 2

### FURTHER PROVISION 35

#### *Further provision*

- 17 Regulations which include provision for a purpose mentioned in Part 1 may describe goods wholly or partly by reference to—
- (a) the uses to which the goods, or any information recorded on or derived from them, may be put, 40
  - (b) the types of users of the goods, or of any such information,
  - (c) the industries, sectors, infrastructure or projects to which the goods, or any such information, may relate, or
  - (d) the place where the goods originate.
- 18 Regulations which include provision for a purpose mentioned in paragraph 2 or 3 may describe goods wholly or partly by reference to their being of an 45

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- amount, quantity or value in excess of a prescribed amount, quantity or value.
- 19 Regulations which include provision for a purpose mentioned in Part 1 may describe technology wholly or partly by reference to – 5
- (a) the uses to which the technology may be put,
  - (b) the industries, sectors, infrastructure or projects to which the technology may relate, or
  - (c) any activities carried on, or proposed to be carried on, to which the technology may relate.
- 20 Regulations which include provision for a purpose mentioned in Part 1 may describe services wholly or partly by reference to – 10
- (a) the uses to which the services may be put,
  - (b) the industries, sectors, infrastructure or projects to which the services may relate,
  - (c) any goods, technology or land to which the services may relate, 15
  - (d) any activities carried on, or proposed to be carried on, to which the services may relate (including the export, import, movement, transfer, making available, acquisition, development, manufacture, production, maintenance or use of goods, technology or land), or
  - (e) any other services to which the services in question may relate. 20
- 21 Regulations which include provision for a purpose mentioned in Part 1 may include provision having the effect that references to specified provisions of orders made under the Export Control Act 2002 are to operate as references to specified provisions of such orders as amended from time to time.
- 22 Regulations which include provision for a purpose mentioned in Part 1 may include provision having the effect that references to a specified Annex of Council Regulation (EC) No 428/2009 of 5 May 2009 (setting up a Community regime for the control of exports, transfer, brokering and transit of dual-use items) are to operate as references to that Annex as amended from time to time. 25 30
- 23 Regulations which include provision for a purpose mentioned in Part 1 may include provision having the effect that references to a technical list of goods or technology (including a list by reference to which any UN obligation operates) are to operate as references to that list as revised or re-issued from time to time. 35
- 24 Regulations which include provision for a purpose mentioned in paragraph 2 may include provision in relation to the removal from the United Kingdom of vehicles, ships and aircraft (as an export of goods), whether or not they are moving under their own power or carrying goods or passengers.
- 25 Regulations which include provision for a purpose mentioned in paragraph 3 may include provision in relation to the taking into the United Kingdom of vehicles, ships and aircraft (as an import of goods), whether or not they are moving under their own power or carrying goods or passengers. 40
- 26 (1) This paragraph applies where regulations include provision for a purpose mentioned in paragraph 15 in relation to ships designated by the Security Council or a subsidiary organ of the Security Council for purposes of a UN Security Council Resolution. 45

- (2) The provision may describe the ships by reference to the instrument in which the ships are designated, including by reference to that instrument as varied or supplemented from time to time.

### *Enforcement*

- 27 (1) This paragraph applies in relation to any provision of CEMA which specifies a maximum period of imprisonment with which an offence is punishable on conviction on indictment. 5
- (2) Regulations under this paragraph may modify any such provision in the case of an offence committed in connection with a prohibition or requirement – 10
- (a) imposed for a purpose mentioned in Part 1, and
  - (b) specified in the regulations.
- (3) The modification may not have the effect that such an offence is punishable with imprisonment for a period exceeding 10 years.

### *Restriction*

- 28 Regulations may not contain prohibitions for a purpose mentioned in Part 1 which have the effect of prohibiting any of the following activities – 15
- (a) the communication of information in the ordinary course of scientific research,
  - (b) the making of information generally available to the public, or 20
  - (c) the communication of information that is generally available to the public,
- unless the interference by the regulations in the freedom to carry on the activity in question is necessary (and no more than is necessary).
- 29 The question whether any such interference is necessary is to be determined by the appropriate Minister making the regulations – 25
- (a) by reference to the circumstances prevailing at the time the regulations are made, and
  - (b) having considered the purpose of the regulations as stated under section 1(3) and the need to respect the freedom to carry on that activity. 30

### *Interpretation*

- 30 In this Schedule, any reference to goods, technology, land or services being moved, made available, acquired, provided or procured is to their being moved, made available, acquired, provided or procured (as the case may be) directly or indirectly. 35
- 31 For the purposes of this Schedule –
- (a) “export” means export from the United Kingdom,
  - (b) goods removed to the Isle of Man from the United Kingdom are not to be regarded as exported, and 40
  - (c) goods transported out of the United Kingdom by aircraft or ship as stores within the meaning of CEMA (see section 1(1) and (4) of that Act) are to be regarded as exported.
- 32 For the purposes of this Schedule –

	(a) “import” means import into the United Kingdom, but	
	(b) goods removed to the United Kingdom from the Isle of Man are not to be regarded as imported.	
	Sub-paragraph (a) does not apply for the purposes of paragraph 33.	
33	Paragraph 32(b) does not apply to goods imported into the Isle of Man in contravention of any prohibition or requirement and which are of a description the import of which into the United Kingdom is subject to a corresponding prohibition or requirement imposed by regulations for a purpose mentioned in paragraph 3.	5
34	For the purposes of this Schedule –	10
	(a) goods, technology or land are “acquired” by a person if the person buys, leases, hires, borrows or accepts as a gift the goods, technology or land (as the case may be), and “acquisition” is to be construed accordingly, and	
	(b) a reference to goods which “originate” in a country includes a reference to goods which are manufactured or produced in that country.	15
35	In paragraph 5 “place” includes –	
	(a) any vehicle, ship or aircraft,	
	(b) any installation (including a floating installation or one resting on the seabed or its subsoil or on other land covered with water or its subsoil), or	20
	(c) any tent or movable structure.	
36	In this Schedule –	
	“aircraft” includes unmanned aircraft and aircraft capable of spaceflight activities;	25
	“CEMA” means the Customs and Excise Management Act 1979;	
	“objects of cultural interest” includes objects of historical or scientific interest;	
	“regulations” means regulations under section 1;	30
	“ship” includes every description of vessel (including a hovercraft) used in navigation;	
	“specified ship” has the meaning given by section 14;	
	“technology” means information (including information comprised in software) that is capable of use in connection with –	35
	(a) the development, production or use of any goods or software, or	
	(b) the development of, or the carrying out of, an industrial or commercial activity or an activity of any other kind whatsoever;	40
	“transfer”, in relation to any technology, 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.	
37	Nothing in section 3 prevents any reference to services in this Schedule from including financial services.	45

SCHEDULE 2

Section 43

MONEY LAUNDERING AND TERRORIST FINANCING ETC

*Regulations under section 43*

- 1 Without prejudice to the generality of section 43, regulations under that section may do any thing mentioned in paragraphs 2 to 17. 5
- 2 (1) Require –
  - (a) the Secretary of State or the Treasury, or both of them acting jointly,
  - (b) supervisory authorities (within the meaning given by paragraph 23), and
  - (c) such persons carrying on relevant business (within the meaning given by that paragraph) as are prescribed for the purposes of this paragraph, 10to identify and assess risks relating to money laundering, terrorist financing or other threats to the integrity of the international financial system.
- (2) Make provision about factors to be taken into account in the assessment of such risks. 15
- 3 Require any person carrying on relevant business who is of a description prescribed for the purposes of this paragraph (“a relevant person”) to have policies, controls and procedures which –
  - (a) are policies, controls and procedures for mitigating and managing risks relating to money laundering, terrorist financing or other threats to the integrity of the international financial system, 20
  - (b) are of prescribed kinds, and
  - (c) are appropriate having regard to the size and nature of the business that the person carries on. 25
- 4 Require relevant persons to take prescribed measures in relation to their customers in prescribed circumstances.
- 5 Make provision for and in connection with –
  - (a) the provision of information by prescribed persons, and
  - (b) the disclosure of information, including provision about – 30
    - (i) the purposes for which information held in connection with anything done under the regulations may be used, and
    - (ii) the persons to whom any such information may be disclosed.
- 6 Make provision for and in connection with the creation, production and retention of – 35
  - (a) registers, and
  - (b) records, 40including registers of people with significant control and registers and records relating to the beneficial ownership of prescribed entities, trusts or other arrangements.
- 7 (1) Confer supervisory functions on the Financial Conduct Authority, the Commissioners for Her Majesty’s Revenue and Customs and such other bodies as may be prescribed (“supervisory authorities”) in relation to relevant persons, including powers or duties to –
  - (a) collect information, 45

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|    | (b) give directions,  |    |
|    | (c) issue guidance,   |    |
|    | (d) approve individuals in their capacity as relevant persons or as owner of, or in positions of control over or responsibility in, relevant persons that are not individuals, and  | 5  |
|    | (e) cooperate with other supervisory authorities or other prescribed persons.   |    |
|    | (2) Make provision about the exercise of functions conferred on supervisory authorities under sub-paragraph (1).  |    |
| 8  | (1) Confer supervisory functions on a prescribed body (an “oversight body”) in relation to bodies prescribed as, or seeking to be prescribed as, supervisory authorities, including powers or duties to—                      | 10 |
|    | (a) collect information,  |    |
|    | (b) give directions,  |    |
|    | (c) issue guidance, and   | 15 |
|    | (d) give recommendations as to whether bodies should be, or should cease to be, prescribed as supervisory authorities.  |    |
|    | (2) Make provision about the exercise of functions conferred on an oversight body under sub-paragraph (1).  |    |
| 9  | Make provision for and in connection with the registration of relevant persons by supervisory authorities, including—   | 20 |
|    | (a) provision which prohibits a person from carrying on a business of a prescribed description unless registered, and   |    |
|    | (b) provision about the suspension or cancellation of a person’s registration.  | 25 |
| 10 | Make provision enabling supervisory authorities to enter into arrangements with other bodies for the purposes of the enforcement of the regulations.  |    |
| 11 | (1) Confer investigatory powers on—   |    |
|    | (a) supervisory authorities, and  |    |
|    | (b) prescribed enforcement partners within the meaning given by paragraph 23.   | 30 |
|    | (2) Make provision about the exercise of investigatory powers.  |    |
|    | (3) Make provision enabling investigatory powers to be exercised by a supervisory authority in relation to persons supervised by another supervisory authority.   | 35 |
|    | (4) In this paragraph “investigatory powers” includes powers of entry, search, inspection, seizure of documents or information and retention of documents or information.   |    |
| 12 | (1) Authorise supervisory authorities to impose charges on persons supervised by them in respect of expenses incurred for the purposes of the regulations.  | 40 |
|    | (2) Make provision in connection with any charges for which provision is made under sub-paragraph (1), including provision for charges to meet expenses incurred by enforcement partners for the purposes of the regulations. |    |
|    | (3) Where provision is made by virtue of paragraph 11(3), authorise supervisory authorities to impose charges on other supervisory authorities  | 45 |



	in respect of expenses incurred in relation to the exercise of powers in accordance with such provision.	
	(4) Authorise an oversight body to impose charges on supervisory authorities or persons seeking to be prescribed as supervisory authorities in respect of the exercise by the oversight body of functions conferred on it by the regulations.	5
	(5) Make provision in connection with any charges for which provision is made under sub-paragraph (3) or (4).	
13	(1) Authorise the Financial Conduct Authority and the Commissioners for Her Majesty’s Revenue and Customs to impose civil monetary penalties in relation to the contravention of prescribed requirements.	10
	(2) Authorise supervisory authorities to impose civil penalties (other than monetary penalties) in relation to the contravention of prescribed requirements, including –	
	(a) the publication of statements of censure,	15
	(b) the suspension or revocation of, or restrictions on, any permission or authorisation granted by a supervisory authority,	
	(c) the suspension or cancellation of, or restrictions on, a person’s registration as mentioned in paragraph 9, and	
	(d) restrictions on the holding of management responsibilities.	20
	(3) Authorise an oversight body to –	
	(a) impose civil monetary penalties, and	
	(b) publish statements of censure,	
	in relation to the contravention of prescribed requirements by supervisory authorities.	25
	(4) Make provision in connection with any civil penalties for which provision is made under sub-paragraph (1), (2) or (3), including provision for publishing details of persons who have incurred penalties.	
14	Make provision for and in connection with the grant of injunctions (or, in Scotland, interdicts) and other orders by prescribed courts in relation to the contravention of prescribed requirements.	30
15	Make provision creating criminal offences and dealing with matters relating to those offences (but see paragraphs 18 to 20).	
16	Make provision for and in connection with reviews of, and appeals against, decisions of –	35
	(a) prescribed supervisory authorities, and	
	(b) an oversight body.	
17	Make provision exempting prescribed persons from prescribed requirements, generally or in prescribed circumstances.	
	<i>Criminal offences</i>	40
18	Regulations under section 43 may not provide for an offence created by such regulations to be punishable with imprisonment for a period exceeding –	
	(a) in the case of conviction on indictment, 2 years;	
	(b) in the case of summary conviction, 3 months.	

- 19 Regulations under section 43 may provide for the creation of a criminal offence only if the regulations also provide for either or both of the following in relation to the offence –
- (a) a mental element necessary for its commission;
  - (b) a defence to it (for example, a defence grounded on a person’s knowledge or belief, or a defence that a person took all reasonable steps and exercised all due diligence).
- 20 Regulations under section 43 which confer a power to impose a civil monetary penalty must provide that a person is not liable to such a penalty in respect of acts or omissions for which the person has been convicted of a criminal offence created by such regulations.

*Extra-territorial application*

- 21 (1) Regulations under section 43 may impose requirements in relation to conduct outside the United Kingdom by a United Kingdom person.
- (2) In sub-paragraph (1) “United Kingdom person” means –
- (a) a United Kingdom national,
  - (b) a body incorporated or constituted under the law of any part of the United Kingdom, or
  - (c) a body within paragraph (3) or (4) of regulation 9 of the Money Laundering Regulations 2017 (bodies to be regarded for the purposes of those Regulations as carrying on business in the United Kingdom), as that regulation has effect immediately before it is saved by section 2 of the European Union (Withdrawal) Act 2018.
- (3) For this purpose a United Kingdom national is an individual who is –
- (a) a British citizen, a British overseas territories citizen, a British National (Overseas) or a British Overseas citizen,
  - (b) a person who under the British Nationality Act 1981 is a British subject, or
  - (c) a British protected person within the meaning of that Act.
- (4) In this paragraph “conduct” includes acts and omissions.

*Money Laundering Regulations 2017*

- 22 Without prejudice to anything in section 43, paragraphs 1 to 21 or section 47(2), regulations under section 43 may –
- (a) subject to any modifications the appropriate Minister making the regulations considers appropriate, make provision corresponding or similar to any provision of the Money Laundering Regulations 2017, as those Regulations have effect immediately before they are saved by section 2 of the European Union (Withdrawal) Act 2018;
  - (b) amend or revoke the Money Laundering Regulations 2017.

*Interpretation*

- 23 In this Schedule –
- “enforcement partners” means bodies with which supervisory authorities enter into arrangements for the purposes of the enforcement of regulations under section 43;

- “money laundering” has the meaning given by section 43;
- “Money Laundering Regulations 2017” means the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 (S.I. 2017/692);
- “oversight body” means a body on which functions are conferred under paragraph 8(1); 5
- “relevant business” means business of a kind which entails risks relating to money laundering, terrorist financing or other threats to the integrity of the financial system;
- “relevant person” means a person on whom requirements are imposed under paragraph 3; 10
- “requirements” includes prohibitions;
- “supervisory authority” means the Financial Conduct Authority, the Commissioners for Her Majesty’s Revenue and Customs or any other body on which functions are conferred under paragraph 7(1); 15
- “terrorist financing” has the meaning given by section 43.

### SCHEDULE 3

Section 50(4) and (5)

#### CONSEQUENTIAL AMENDMENTS

##### PART 1

#### AMENDMENTS CONSEQUENTIAL ON PARTS 1 AND 2 20

##### *Immigration Act 1971 (c. 77)*

- 1 (1) Section 8B of the Immigration Act 1971 (persons excluded from the United Kingdom under international obligations) is amended as follows.
- (2) In the heading for “international obligations” substitute “certain instruments”. 25
- (3) For subsection (4) substitute –
- “(4) “Excluded person” means –
- (a) a person named by or under, or of a description specified in, an instrument falling within subsection (5), or
- (b) a person who under regulations under section 1 of the Sanctions and Anti-Money Laundering Act 2018 is an excluded person for the purposes of this section (see section 4 of that Act).” 30
- (4) In subsection (5A)(b), for the words from the beginning to “that subsection” substitute “the person is within subsection (4)(a) and not within subsection (4)(b) and has been exempted from the application of subsection (1), (2) or (3), as the case may be,”. 35
- (5) After subsection (5A) insert –
- “(5B) In relation to any person within subsection (4)(b), subsections (1) to (3) are subject to any exception created under, or direction given by virtue of, section 15(4) of the Sanctions and Anti-Money Laundering Act 2018 (power to create exceptions etc).” 40

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*Senior Courts Act 1981 (c. 54)*

- 2 In paragraph 2 of Schedule 1 to the Senior Courts Act 1981 (business allocated to the Queen’s Bench Division), after sub-paragraph (be) insert—
- “(bf) all proceedings—
- (i) on an application under section 33 of the Sanctions and Anti-Money Laundering Act 2018 (court review of decisions), or
- (ii) on a claim arising from any matter to which such an application relates;”.

*Regulation of Investigatory Powers Act 2000 (c. 23)* 10

- 3 (1) Section 18 of the Regulation of Investigatory Powers Act 2000 (exceptions to matters excluded from legal proceedings) is amended as follows.
- (2) In subsection (1), after paragraph (de) insert—
- “(df) any proceedings—
- (i) on an application under section 33 of the Sanctions and Anti-Money Laundering Act 2018 (court review of decisions), or
- (ii) on a claim arising from any matter to which such an application relates,
- or any proceedings arising out of such proceedings;”.
- (3) In subsection (2), after paragraph (zd) insert—
- “(ze) in the case of proceedings falling within paragraph (df), to—
- (i) a person, other than the Secretary of State or the Treasury (as the case may be), who is or was a party to the proceedings, or
- (ii) any person who for the purposes of the proceedings (but otherwise than by virtue of appointment as a special advocate) represents a person falling within sub-paragraph (i);”.

*Serious Organised Crime and Police Act 2005 (c. 15)* 30

- 4 In section 61(1) of the Serious Organised Crime and Police Act 2005 (offences to which investigatory powers etc apply), after paragraph (i) insert—
- “(j) any offence under regulations under section 1 of the Sanctions and Anti-Money Laundering Act 2018 (sanctions regulations) which is specified by those regulations by virtue of section 17(6) of that Act.”

*Serious Crime Act 2007 (c. 27)*

- 5 (1) Schedule 1 to the Serious Crime Act 2007 (offences in relation to which a serious crime prevention order may be made) is amended as follows.
- (2) In paragraph 13B after sub-paragraph (5) insert—
- “(5A) An offence under regulations made under section 1 of the Sanctions and Anti-Money Laundering Act 2018.”

- (3) In paragraph 16MA after sub-paragraph (5) insert –  
“(5A) An offence under regulations made under section 1 of the Sanctions and Anti-Money Laundering Act 2018.”
- (4) In paragraph 29A after sub-paragraph (5) insert –  
“(5A) An offence under regulations made under section 1 of the Sanctions and Anti-Money Laundering Act 2018.” 5
- (5) In the italic headings before each of paragraphs 13B, 16MA and 29A, omit “Financial”.

*Crime and Courts Act 2013 (c. 22)*

- 6 (1) Part 2 of Schedule 17 to the Crime and Courts Act 2013 (offences in relation to which a deferred prosecution agreement may be entered into) is amended as follows. 10
- (2) In paragraph 26A, after sub-paragraph (5) insert –  
“(5A) An offence under regulations made under section 1 of the Sanctions and Anti-Money Laundering Act 2018 (sanctions regulations).” 15
- (3) After paragraph 27 insert –  
“27A An offence under regulations made under section 43 of the Sanctions and Anti-Money Laundering Act 2018 (money laundering and terrorist financing etc).” 20

*Investigatory Powers Act 2016 (c. 25)*

- 7 In Schedule 3 to the Investigatory Powers Act 2016 (exceptions to section 56), after paragraph 9 insert –  
“*Sanctions proceedings*”
- 9A (1) Section 56(1) does not apply in relation to any proceedings – 25
- (a) on an application under section 33 of the Sanctions and Anti-Money Laundering Act 2018 (court review of decisions), or
- (b) on a claim arising from any matter to which such an application relates, 30  
or any proceedings arising out of such proceedings.
- (2) But sub-paragraph (1) does not permit the disclosure of anything to –
- (a) any person, other than the Secretary of State or the Treasury (as the case may be), who is or was a party to the proceedings, or 35
- (b) any person who –
- (i) represents such a person for the purposes of the proceedings, and
- (ii) does so otherwise than by virtue of appointment as a special advocate.” 40

*Policing and Crime Act 2017 (c. 3)*

- 8 (1) Part 8 of the Policing and Crime Act 2017 (financial sanctions) is amended as follows.
- (2) In section 143(4) (meaning of “financial sanctions legislation”) after paragraph (e) insert – 5
- “(f) a provision of regulations made under section 1 of the Sanctions and Anti-Money Laundering Act 2018 that contains a prohibition or requirement imposed for a purpose mentioned in section 3(1) or (2) of that Act.”
- (3) After section 143(4) insert – 10
- “(4A) But “financial sanctions legislation” does not include any provision of regulations made under section 1 of the Sanctions and Anti-Money Laundering Act 2018 which is specified in the regulations as a provision to be regarded as not being financial sanctions legislation for the purposes of this Part.” 15
- (4) Omit sections 152 to 156 (avoidance of delay: temporary regulations).

PART 2

REPEALS ETC CONSEQUENTIAL ON REPEALS IN TERRORIST ASSET-FREEZING ETC ACT 2010

*Repeals and revocations*

- 9 The following provisions are repealed or revoked – 20

<i>Title</i>	<i>Extent of repeal or revocation</i>	
Senior Courts Act 1981	In Schedule 1, paragraph 2(bc).	
Regulation of Investigatory Powers Act 2000	In section 18, subsection (1)(dc) and, in subsection (2)(zb), the words “or (dc)”.	
Counter-Terrorism Act 2008	Section 28(2)(d).	25
Charities Act 2011	In section 178(1), in Case J, paragraph (a).	
Electronic Money Regulations 2011 (S.I. 2011/99)	In regulation 13(8)(d), the words “the Terrorist Asset-Freezing etc Act 2010,”.	
Legal Aid, Sentencing and Punishment of Offenders Act 2012	In Schedule 5, paragraph 71.	30
Financial Services Act 2012	In Schedule 18, paragraph 132.	
Counter-Terrorism and Security Act 2015	Section 45(2).	
	Section 46(1)(b).	35
	Section 49(4)(c).	
Investigatory Powers Act 2016	In Schedule 3, paragraph 11. In Schedule 10, paragraph 25.	
Payment Services Regulations 2017 (S.I. 2017/752)	Regulation 14(5)(e).	40

<i>Title</i>	<i>Extent of repeal or revocation</i>
Sanctions and Anti-Money Laundering Act 2018	In section 43(4), in the definition of “terrorist financing”, paragraph (d).

*Consequential amendment*

- |    |  |   |
|----|--|---|
| 10 | In Schedule 3 to the Investigatory Powers Act 2016 (exceptions to section 56), in paragraph 12, for “neither paragraph 10 nor paragraph 11 permits” substitute “paragraph 10 does not permit”. | 5 |
|----|--|---|

# Sanctions and Anti-Money Laundering Bill [HL]

A

## **B I L L**

To make provision enabling sanctions to be imposed where appropriate for the purposes of compliance with United Nations obligations or other international obligations or for the purposes of furthering the prevention of terrorism or for the purposes of national security or international peace and security or for the purposes of furthering foreign policy objectives; to make provision for the purposes of the detection, investigation and prevention of money laundering and terrorist financing and for the purposes of implementing Standards published by the Financial Action Task Force relating to combating threats to the integrity of the international financial system; and for connected purposes.

*Brought from the Lords, 25 January 2018*

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Printed, 25 January 2018*

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