



Implementation of Targeted Financial Sanctions by Financial Institutions and DNFBPs

Supervisors have provided guidance to FIs and DNFBPs on the implementation of Targeted Financial Sanctions under the United Nations (Financial Prohibitions, Arms Embargo and Travel Ban) Sanctions Act with a view to addressing threats to international peace and security, including terrorism, the financing of terrorism and proliferation of weapons of mass destruction.

FIs and DNFBPs have been required to **regularly** (i.e. on a daily basis) consult the UNSC Consolidated List and take immediate action (i.e. without delay and not later than 24 hours) with respect to any changes brought thereto. They must also regularly consult the newspapers for any notice which may be issued by the National Sanctions Secretariat and immediately act upon it. They have been reminded of the following obligations imposed under the Act:

(i) *Financial prohibitions*

- (a) Prohibition to deal with the funds or other assets of Listed Parties under section 23 of the Act;
- (b) Prohibition to make funds or other assets available to Listed Parties under section 24 of the Act.

These Prohibitions apply immediately and for as long as the person remains on the Consolidated List. FIs and DNFBPs are not allowed to deal with the funds and other assets of Listed Party unless they are officially communicated of any exemptions.

(ii) *Reporting obligations*

- (a) FIs and DNFBPs must immediately verify whether the details of the Listed Party match with the particulars of any of their customers; To this effect, FIs and DNFBPs are required to have a screening tool.

From a survey conducted by the BOM, it was noted that the most common screening tools are Swift Sanctions Screening Tool, World Check, Lexis Nexis, AMLOCK, FORTENT, MANTAS, amongst others.

- (b) if there is a positive match, the FIs and DNFBPs must identify whether the customer owns any funds or other assets with them, including the funds or assets mentioned in section 23(1) of the Act;
- (c) the FIs and DNFBPs is required to make a report to the National Sanctions Secretariat and the relevant supervisors where funds or other assets have been identified by it.
- (d) a nil report must be submitted to the above authorities if no funds or other assets are identified.

(iii) *Reporting of suspicious information*



FIs and DNFBPs must immediately submit to the FIU in accordance with section 14 of the Financial Intelligence and Anti-Money Laundering Act, any information relating to a Listed Party which is known to it.

(v) *Internal controls*

Licensees of the Gambling Regulatory Authority must implement internal controls and other procedures to enable them to effectively comply with the obligations under the Act.

Supervisors are required, under section 40(2) of the Act, to supervise and enforce compliance by its licensees with the requirements imposed under the Act. Failure to comply with the Act is an offence.

Compliance with the Act is verified during onsite and offsite examination of FIs and DNFBPs.

As part of its onsite inspection of the licensees of the Gambling Regulatory Authority, GRA always (i.e. not on a risk-based approach) includes an assessment of the compliance of its licensees with the Targeted Financial sanctions regime. The scope of the onsite examination in this regard comprise an assessment of :

- a) the policies, procedures and systems pertaining to the sanctions screening process;
- b) the testing and auditing of the sanctions screening software;
- c) verifying that the licensees conduct sanctions screening at customer onboarding stage and prior to effecting transactions, both local and international;
- d) Ensuring that the licensees verify their customer base immediately whenever the UNSC Consolidated List is amended or an addition brought thereto;
- e) governance and oversight mechanisms in place for (i) monitoring and maintaining the applicable sanctions regime and ensuring internal lists are current and comprehensive (ii) immediate freezing of all assets of a positive designated person match and reporting of the freeze immediately to the Sanctions Secretariat and to the GRA;
- f) whether appropriate validation controls are in place, e.g. internal audit and compliance reviews are carried out by the licensees on an ongoing basis to ensure compliance with the Act; and
- g) the awareness and training program of the licensees of the Gambling Regulatory Authority regarding the Sanctions regime in place include the number of staff dedicated therefor and their skills and level of understanding of the Sanctions regime.

The Consolidated List is also disseminated internally within the GRA for awareness raising regarding necessary actions to be taken at the level of the relevant divisions of the Authority such as licensing and accounting department. The GRA, as part of its licensing process, consults various sanctions list such as (the UN, EU, OFAC and Interpol) to gather information on the beneficial owner and shareholders prior to granting a licence.