

CLIENT NOTE ON INTERNATIONAL SANCTIONS September 2021

THE BELOW NOTE IS GENERAL INFORMATION ONLY AND NOT LEGAL ADVICE

INTRODUCTION

We wanted to create a guidance note for you that would make you aware of the imposition of international sanctions and how they may apply.

International sanctions are put in place as a consequence of global political problems. Sanctions are adopted by a country or group of countries against another state or individual(s) in order to elicit a change in their behaviour.

The United Nations, the European Union, the United Kingdom, the United States of America along with many other countries all have their own specific sanctions regimes which they impose on other states.

We hope that this information note will be a handy guide to sanctions and their implications.

WHAT ARE SANCTIONS?

Sanctions are domestic penalties applied by one country on another with the purpose of controlling, prohibiting or restricting financial or trade activity. They are enacted by each country's Government and regulated and administered by Government bodies.

In Ireland, the Central Bank and the Department of Business, Enterprise and Innovation are responsible for the implementation and administration of international financial/trade sanctions in effect.

TYPES OF SANCTIONS

There are two main types of sanctions currently in operation internationally – financial and trade.

Financial Sanctions

- Can freeze the funds or any kind of assets of a designated individual, entity or body
- Can prohibit funds being made available to a designated individual, entity or body
- Can restrict insurance activity

An example would include, being unable to pay a member of Al Qaida, Hezbollah, the Taliban or any other designated terrorist group (see the designated terrorist group list).

Trade sanctions

- Typically relate to restrictions of the export of arms or related services, and ‘dual use’ items
- Broad trade sanctions affect some countries; examples include restrictions on the export of crude oil, petrochemicals and various other goods from certain countries

WTW COMBINED SANCTIONS LIST

Sanctioned Countries for the UN,EU,UK and US combined		
ASIA	EUROPE	AFRICA
Afghanistan	Belarus	Burundi
Russian Federation (the)	Russian Federation (the)	Central African Republic (the)
Hong Kong	Serbia	Congo (the Democratic Republic of)
North Korea	Ukraine	Ethiopia
Myanmar		Guinea-Bissau
		Libya
MIDDLE EAST	AMERICAS	Mali
Iran (Islamic Republic of)	Cuba	Republic of Guinea
Iraq	Nicaragua	Somalia
Lebanon	Venezuela (Bolivarian Republic of)	South Sudan
Syrian Arab Republic (the)		Sudan (the)
Yemen		Tunisia
		Zimbabwe

TRADE SANCTIONS

The EU trade controls regime is governed by EU Regulation 428/2009 which governs the trading of 'controlled goods' affecting Ireland. 'Controlled goods' are defined as military, dual-use or category A goods.

- **Military Goods** – include weapons, ammunition, explosives, riot control equipment, armoured goods, vessels and aircraft
- **Dual-Use Goods** – include goods, software or technology, which can be used for both civil and military purposes e.g., a nuclear reactor
- **Category A Goods** – include gallows, guillotines, electric chairs, leg irons/shackles, restraint chairs, thumb screws, stun guns, electronic shock belts

Where do Sanctions originate?

United Nations (UN) Resolutions can result in sanctions. If you live in a UN member state you are likely to be subject to UN Sanctions.

The European Union (EU) also issues sanctions which are enforced by each EU member state

EU Member States: Austria, Belgium, Bulgaria, Croatia, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, **Ireland**, Italy, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden, United Kingdom.

In the United States sanctions are issued by the Office of Foreign Asset Control (OFAC).

Many other countries also have their own sanctions regimes and if you are transacting business involving another country, it is worth checking their current sanctions regime.

Why do you need to be aware of Sanctions?

CIVIL AND CRIMINAL PENALTIES

- The breaching individual could face imprisonment for up to 7 years and/or unlimited fine for a breach of EU sanctions
- Criminal penalties up to \$1 million per violation may be imposed and imprisonment for up to 20 years for a breach of US sanctions
- Confiscation of company's assets obtained as a result of criminal conduct
- Regulatory enforcement action
- Severe reputational damage

US OFAC sanctions have much harsher penalties and individuals can be extradited to the US for punishment. Please note that all US-dollar transactions must clear through the US banking system (in the US) and so **all** transactions conducted in US dollars will fall under OFAC sanctions regardless of where in the world the transaction takes place. Any US correspondent bank processing such transactions can, therefore block and/or seize the payment concerned if the transaction does offend US sanctions. Accordingly it is much better for you to transact your business in another currency where possible.

SPEAK TO YOUR LEGAL COUNSEL FOR FURTHER INFORMATION ON THE LEGAL IMPLICATIONS

How can you protect yourself?

Tell your account handler at Willis Towers Watson if you are requesting insurance or consultancy services which will have a sanctioned country touch-point including dealing with any persons, entities or bodies who you believe to be from a sanctioned country.

Tell your account handler at Willis Towers Watson if you are requesting insurance or consultancy services which will cover the movement of military, dual-use or controlled goods.

Willis Towers Watson cannot be held responsible for the actions of third parties, including but not limited to underwriters, banks and exchange institutions. These parties may have their own separate legal constraints and/or sanctions policies and therefore may not be able to remit or transfer funds, even where an appropriate license has been obtained. Willis Towers Watson will not be held liable for any funds held up by banks, exchange institutions or other financial companies for whatever reason.
V.July 2021