SANCTIONS POLICY

Introduction
This policy provides practical advice on avoiding breaches of the UK's Sanctions Regime and sets out the Solicitors Regulation Authority's ('SRA') expectations as to compliance with it.

All firms are subject to the Sanctions Regime, regardless of the types of services they offer (it is not limited to firms within the scope of anti-money laundering ('AML') legislation).

We take a broad-spectrum approach to compliance which includes carrying out a firm-wide sanctions risk assessment to determine how likely it is that our clients may be on the sanctions list and requiring sanctions checks and mater level risk assessments to be undertaken in all matters at the outset and on an ongoing basis, whenever there is an update to the UK Sanctions Regime.

The Sanctions Regime spans many individual pieces of legislation. The guidance within this policy refers to the regime in general terms, but it is not a substitute for reviewing the legislation that is specifically relevant to a given scenario.

Purpose
The purpose of this policy is to help you understand your obligations with regard to the UK Sanctions Regime and the steps to be taken in order to comply.

Scope
This policy applies to all staff, including managers, consultants and any third-party that this policy has been communicated to.

Responsibility
Timothy Halliday is the Nominated Officer and is responsible for this policy and monitoring our compliance with it. This includes regularly reporting to senior management on the sanction's risks and performance of the controls in the firm and making sure they take decisions about work involving designated persons, together with increased scrutiny around movement or release of funds.

As well as the serious implications of breaching UK sanctions requirements which are set out below, non-compliance may also result in regulatory action being taken against the firm and disciplinary action against the individual concerned.

Any questions on the Sanctions Regime or the contents of this policy should be raised with Timothy Halliday (MLRO/COLP).

What are sanctions?
Sanctions are restrictive or punitive measures imposed by the government to achieve a specific foreign policy or national security objective.

A breach of UK sanctions is a criminal offence and is punishable by a fine and/or imprisonment.

The UK may impose the following types of sanctions measures:

- financial sanctions, including asset freezes and fines, administered by the Office of Financial Sanctions ('OFSI')
- trade sanctions, including arms embargoes and other trade restrictions, administered by the Department for International Trade ('DIT')
- immigration sanctions, barring entry to the country, administered by the Home Office

- transport sanctions (divided into aircraft and shipping sanctions), including de-registering or controlling the movement of aircraft and ships, often preventing them from docking in UK ports or landing in UK airports, administered by the Department for Transport ('DfT')

Sanctioned individuals, entities, planes, or ships are referred to as **'designated persons**' or 'targets.'

This policy is primarily focused on the financial Sanctions Regime, which aims to prevent money flows to and from designated persons, although it does in places address other kinds of sanctions.

Although unusual, there are some sanctions relating to whole jurisdictions. For example, legislation introduced in December 2022 made it illegal to provide some services to clients in Russia.

More frequently, sanctions will relate to a list of individuals, entities, ships, or planes. These lists are often titled as being related to a given jurisdiction. It is important to understand, for example, that just because there is a Sanctions Regime for Yemen, this does not mean that all Yemeni people and entities are subject to sanctions. It also does not mean that Sanctions Regimes cannot relate to individuals who live in or are from the UK. For example, sanctions under the Islamic State/Da'esh regime have resulted in a number of UK nationals becoming designated persons as they were explicitly named on the sanctions list.

The financial Sanctions Regime is rooted in several pieces of legislation, including the Sanctions and Anti-Money Laundering Act 2018 (SAMLA), which allows the government to amend the regime via secondary legislation, which it has done multiple times.

Why do you need to know about sanctions?
Generally speaking, we must not undertake paid work for a designated person unless we have been granted a licence to do so by the OFSI or are doing so under the terms of a general licence.

Unpaid work may be allowable where it does not circumvent the Sanctions Regime or provide financial advantage to the designated person. Where unpaid work involves providing an economic benefit or advantage to a designated person, it is likely to be prohibited.

As a firm, we primarily need to know about the Sanctions Regime to the point of being able to make sure we avoid unwittingly providing services or funds to a designated person or in any other way breaching the legislation and fulfilling the associated reporting obligations (see below). This duty is still a very challenging one, in part because the number of designated persons and the prohibitions they are subject to has expanded at a rapid pace and keeping up with the pace of change is demanding.

Other challenges include the fact that a given entity or individual may be subject to multiple different sanctions simultaneously (for example financial sanctions and immigration sanctions), each of which may need to be considered in their own right.

It is important that we carry out thorough due diligence checks to identify whether a person (whether natural or legal) is designated. When dealing with a non-natural person, in order to understand whether they are impacted by the Sanctions Regime we will also have to consider any counterparties, beneficial owners or individuals with possible control of the entity.

When providing services to another firm, where they are seeking our services on behalf of their client, we may also need to consider whether this underlying client is a designated person, and the origin and destination of funds via our firm's client or office accounts.

While due diligence is not a defence to a prosecution for breach of sanctions, it minimises the risk of inadvertently committing an offence. Further, we would take into account the extent to which due diligence was carried out when considering what disciplinary action (if any) to take.

Below is a non-exhaustive list of less direct ways we might encounter a designated person:

- We might be instructed to act on behalf of an entity that is not itself a designated person, however an individual behind the structure is a designated person.
- We might be asked, as part of a transaction, to send or accept funds from a sanctioned country.
- We might be instructed to act on behalf of a trust where a trustee or beneficiary is a designated person.
- We might encounter a request for a renewal of a visa where the client may be subject to a travel ban.
- We might be instructed to sell sanctioned goods, such as a ship.
- We might be asked to act on behalf of a client involved in a service sanctioned by the UK, for example providing army technology to Russia.
- We might be instructed to advise clients on trade licences or export controls.

As lawyers, we should act in a way that upholds the integrity of the Sanctions Regime and be vigilant to whether our clients are (directly or indirectly) subject to the Sanctions Regime.

Differences to the AML regime

Sanctions compliance and AML are often mentioned alongside each other; however, it is important to understand the differences between the sanctions and AML regimes. The table below summarises the main distinctions between the two:

	Sanctions	AML
Scope	Applies to all authorised firms.	Applies only to those firms that provide services in the scope of the AML regulations.
Relevance	Applies to payments for legal and other services as well as clients' assets.	Generally, only applies to clients' assets rather than payments for legal services, as long as the payment is 'adequate consideration'
Scope of legislation	Legislation does not prescribe how compliance must be achieved, only that it must be.	Legislation sets out a mandatory framework for compliance, including requirements for firm wide risk assessments, customer due diligence, enhanced customer due diligence etc.
Duty to comply	Strict liability on behalf of the firm for their duty to comply.	Generally, firms must take a risk-based approach, so as long as all the mandatory steps are taken, and the approach is appropriately informed by risk and their supervisor's guidance – firms may be able to avoid legal liability for breach even if money laundering has occurred.
Reporting	You must make a report to OFSI when you know or suspect that:	You must make a suspicious activity report (SAR) where you know or suspect that you have encountered the proceeds of crime. This generally does not apply to fees paid for legal services, as long as they are

	• a breach of the sanctions has occurred. • that a person is a designated person • you hold frozen assets. and that knowledge or suspicion came to you in the course of business.	'adequate consideration,' i.e. proportionate to the services provided.
Outsourcing	You cannot outsource your liability for complying with the sanction's requirements to anyone else, for example, by relying on a report by an e-verification provider.	In some defined instances, you may be able to rely on another regulated firm to check your clients on your behalf, though this comes with conditions.
Control of entity	Control of an entity is ordinarily defined as: • The person holds (directly or indirectly) more than 50 per cent of the shares or voting rights in an entity. • The person has the right (directly or indirectly) to appoint or remove a majority of the board of directors of the entity. • It is reasonable to expect that the person would be able to ensure the affairs of the entity are conducted in accordance with the person's wishes (further examples of this available in 4.1 of OFSI's guidance). The breadth of this definition means that the task of establishing control is one of the key issues in completing due diligence in relation to sanctions.	Regulations 5 and 6 of The Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 set out the definition of a 'beneficial owner.' This definition includes 25 per cent share ownership of a body corporate (or direct/indirect control of said shares) but also has other interpretations detailed in the legislation (for example for partnerships).

Three key questions are common across AML and Sanctions Regimes and should be always borne in mind, namely:

1. 'Am I sure all parties are who they say they are?'
2. 'Does the client/matter make sense?' If it does not, you should continue asking questions and digging into the details until you understand what is happening and why and
3. 'Is there any apparent link with the Sanctions Regime, or are there any red flags associated with it?'

Our Procedures

In order to make sure we are complying with the Sanctions Regime, we should understand:

- who our clients are.

- who they are owned/controlled by.
- potentially the counterparties; and
- any third parties providing funding.

Counterparties and third parties present a risk because if they are designated persons, or are owned or controlled by designated persons, the funds they introduce into a transaction may need to be frozen.

We cannot rely on other parties to assure us they are not designated persons.

Sanctions checks – matter opening stage

At the most basic level, fee earners are required to check the identities of clients (and for non-natural persons anyone with control over the entity or at least a 50% stake) and counterparties against the UK consolidated sanctions list before:

- undertaking any work for or on behalf of the individual/entity and
- receiving or transferring any funds to, from or on behalf of the individual/entity.

Checks are to be carried out by using Thirdfort which check against the list or by using the UK Sanctions screening platform for free. This platform is preferable to using an approach of searching the list itself using the Ctrl+F 'find' function as this will only flag where an exact match is found. The official screening platform can apply 'fuzzy logic', i.e. it can find a partial as well as an exact match. This can be important where individuals may have multiple components to their name, alternative spellings, or alternative names/aliases.

Designated persons may seek to hide or misrepresent their identity in order to circumvent the Sanctions Regime. This is why it is generally not enough to take a client's identity at their word without further checks. Similarly, it is why we cannot assume that a non-natural person does not have links of ownership or control with a designated person.

This means that to have confidence in the conclusions of due diligence, we need to be able to answer the question of 'who' but also the more challenging questions of 'how' and 'why' in relation to the matter. This is because as well as simply checking names against the sanctions list, we will need to consider the possibility that a designated person is exercising control over the individual or entity that is your client or the transaction counterparty. **For this reason, we should not accept money from a client until after we have completed our due diligence.**

Doing due diligence on non-natural persons and counterparties is inherently more difficult than on natural persons that are our client as it can be more challenging to get behind the legal structures and/or to access the information you need to assure yourself that you understand the beneficial ownership and the background of the matter. Trying to decide the depth of checks for each client and counterparty is one of the key challenges.

This is very similar to the duties arising under the Code of Conduct for Solicitors Rule 8.1 and in the AML legislation to establish and verify the identities of clients. Many of the obvious routes to doing this are the same (for example, checking identity against photo identity documents, using digital identification and verification tools, and checking source of funds/wealth).

Making sure there are not designated persons sitting behind anonymising legal structures is one of the key challenges of sanctions compliance.

When encountering state-owned entities of a jurisdiction where the premier or other senior politicians are designated persons, we should consider whether these politicians exercise control over these state-owned entities. 'Control' is defined in the OFSI guidance as including 'when it is reasonable to expect that the sanctioned person would be able to ensure the affairs of the entity are conducted in accordance with the (sanctioned) person's wishes.' In effect this can mean that any such state-owned entity of such a jurisdiction may effectively be subject to sanctions.

Outcome of sanctions check

If the check reveals a potential match to the UK Sanctions List, the result should be reviewed by Timothy Halliday. If the 'false positive' result is identified, then you must ensure that you clearly record your reasons such conclusion on the file.

Where you suspect that someone involved in a matter is the subject of sanctions or has committed an offence under sanctions regulations or the firm may breach the UK Sanctions Regime by proceeding further, you must inform Timothy Halliday without delay and take no further action in the relevant matter unless he tells you otherwise. He will investigate the matter, and where appropriate, make a report to the Office of Financial Sanctions Implementation (OFSI). See the section below for more information.

What to do if a client has been sanctioned

Sanctions can be brought in quickly. This can lead to situations where a current client may become designated, without the possibility of terminating the retainer beforehand. It can also happen where this occurs in the middle of a sensitive or time-critical matter.

If the entity is added to the Sanctions List or a new update to the Sanctions Regime means that further work will potentially breach the regime, you should firstly check whether there is a general licence in place that covers the ongoing work. Be aware that, even if there is, some considerations below, such as reporting to OFSI, still apply.

Where this is not a general licence in place, the fee earner must immediately raise the matter with Timothy Halliday and submit a completed Sanctions Report Form (see appendices) to them. They will then investigate whether there is an actual match. The result of the investigation may be that we:

- Seek guidance from HM Treasury
- Ask an external party to investigate whether the person/entity is in fact a designated person.
- Seek independent legal advice.

NOTE – it is not for the fee earner to decide whether there is a positive match, and if so whether we should act. It is their responsibility to complete the *Sanctions Report Form* and submit it to the Nominated Officer who will decide how to proceed.

Where there is a positive match against the sanctions list, the *Nominated Officer* will advise on the appropriate next steps, which may involve:

1. Making a business decision whether to decline to act or to request a licence from the OFSI to proceed. Reputational and regulatory risks will need to be considered, as well as the risk that the firm may ultimately not be paid for work carried out (without a licence from OFSI and willing participation by the firm's bank).

2. Ceasing to act – see the relevant section below.

3. External reporting to HM Treasury, the SRA, OFSI and the FCA – see the external reporting section below.

4. Putting a freeze on paid work undertaken for the designated person. Non-paid work may be able to continue as long as it does not circumvent the Sanctions Regime. It is important to make sure any relevant interest is being correctly applied to any frozen accounts.

5. Notifying the client – if it is necessary to stop work on a client's file while seeking a licence to continue, the fee earner can be transparent about the reason why. There is no 'tipping off,' unlike under the Proceeds of Crime Act, 2002.

6. Outlining the position on payments to the client – where they have the firm's client account details, the fee earner must clearly inform them that they should not send any funds until further notice. Any further funds that may come from designated persons, despite this warning, must be frozen.

7. Considering payments due – where the firm is owed payment by a designated person and does not have or does not expect to receive a licence, the fee earner should avoid writing-off the money owed as this may amount to providing a financial advantage to the designated person. To write off non-payment as a bad or uncollectable debt would likely require a licence from OFSI.

8. Taking steps to ensure that the firm will not make any transfers of their client funds. *The Nominated Officer* will confirm this with *our Compliance Officer for Finance and Administration (COFA*), communicate to all relevant staff and ensure unauthorised staff cannot unblock access to frozen accounts/assets.

9. *The Nominated Officer* engaging with our bank and professional indemnity insurer to see whether they will continue to provide services in this instance.

10. The fee earner is responsible for adding appropriate high-risk flags to the case management system to ensure the higher risk is visible to all staff.

Ceasing to act

Even if a client is not on the sanctions list, we are required to keep our client lists under review and consider who we feel comfortable acting for on an ongoing basis. We can choose who we act for and can choose not to act for any reason (unless unlawful, for example under equalities legislation). Whether a retainer has been properly terminated is addressed by the common law, and usually turns on whether there is a 'good reason' for the termination.

Whether there is a 'good reason' for terminating a client retainer will be determined by the individual facts of the scenario. Either way, the SRA requires that we have carefully considered the legal position and also understood and mitigated any risks to the client, so far as we are able to do so.

The situation may be more difficult if a person is designated part-way through ongoing litigation. If this occurs, you should be open with the court and opposing party as soon as possible and keep them informed promptly of any developments that may influence the progression of the matter as you become aware of them. Any subsequent billing will need to be facilitated by an appropriate licence.

External reporting

The sanctions and AML regimes include different and separate reporting requirements. Just because you have made a suspicious activity report (SAR) to the National Crime Agency (NCA), does not absolve us of the duty to report a sanctions breach (or designated person or frozen asset) to OFSI and vice versa.

There are separate duties for reporting issues to the SRA. The SRA expect firms under investigation by OFSI to self-report to them. They also expect firms that are self-reporting a breach to OFSI to also report this to them.

If you find out that your client is a designated person, either because their status has changed or they are a new client, there is a clear duty to report this to OFSI.

Licences also often come with reporting requirements, which may set out necessary timelines for reporting. These must be fulfilled in their entirety.

OFSI conducts an annual exercise to gather information on all frozen funds. Any firm holding frozen funds must report this to OFSI by the annual deadline. This changes each year, but OFSI normally give plenty of advance notice via its alerts.

In addition, Counter-Terrorism (Sanctions) (EU Exit) Regulations 2019, s21 requires us to inform HM Treasury as soon as practicable if we know, or have reasonable cause to suspect, that a person who is or has been a client or a person with whom we have had dealings in the course of our business is a designated person, is a person acting for or on behalf of a designated person or has committed an offence under the Regulations .

Licensing
For most firms, it is enough to implement controls to successfully identify designated persons in order to avoid unwittingly providing them with prohibited services.

Despite their status, designated persons might still have legitimate need of legal services. In order to be paid to provide services to a designated person under the financial Sanctions Regime, we must make use of a general licence or apply for and be granted a licence to do so by OFSI. OFSI can only grant a licence where there are grounds to do so. These grounds can be found in the legislative instrument for the relevant sanctions, which we should check before making an application.

Licensable activities might include payment of reasonable fees for legal advice (and expenses), payment of bank charges and other reasonable fees for maintaining frozen funds, and the satisfaction of court judgments or contractual obligations arising prior to designation. Monies may also be made available for living expenses or medical expenses under licence.

See here for the OFSI guidance relating to licences . OFSI may issue general licences or specific licences, and they are different. The below table summarises the differences:

General Licenses	Specific Licenses
Cannot be applied for	Can be applied for
May be retrospective	Cannot be retrospective
Publicly viewable	Not publicly viewable
Can be granted on any basis as determined by OFSI	Can only be granted based on the grounds set out in the implementing legislation

Both specific and general licences are normally issued with accompanying requirements, for example around record keeping or reporting. Specific licences and general licences will often have requirements around notifying OFSI of their use. We will also need to consider any time limits that may apply to licences, as generally they are not issued indefinitely.

The person responsible for applying for the license, is required to create a diary notification to remind them of when they need to carry out a time-sensitive action in order to comply with the conditions of a licence, for example reporting or applying for renewal.

It is very important to understand the terms of the licence correctly, as providing services outside of those terms will likely lead to a breach of the sanction's legislation. The amount of fees we are allowed to be paid may also be limited by licence, and if so, we will need to monitor this to ensure you remain within the bounds of the licence. We might need to seek clarification from OFSI on the terms of the licence, alternatively we might wish to seek independent legal advice.

General Licence: legal fees in relation to the Russia and Belarus Sanctions Regimes
For details of any current General Licences in place which relate to legal fees, please see the OFSI General Licences page on the gov.uk website.

If you are intending to use a General Licence, you should consult the copy of the Licence for full details of the definitions, permissions, and usage requirements, which can vary if Licences are renewed.

Whilst a General Licence is in place, it will be the Nominated Officer's responsibility to establish if the licence is applicable to a given matter – queries in this regard should be directed to them without delay.

Legal fees general licences may be varied, revoked or suspended at any time, therefore *insert name* is responsible for keeping up to date by subscribing to email alerts or regularly checking OFSI's news page, to avoid breaching the terms of the licence.

If we propose to carry out work under a legal fees general licence, we must be clear with our client about the limitations and conditions which apply. These may have a bearing on the work we are able to carry out, and timelines.

Any work carried on outside of a legal fees general licence or which exceeds its limits, whether in time, scope, or fees, will need a separate licence application.

Legal Professional Privilege
The duty to make reports to OFSI does not override or supersede Legal Professional Privilege ('LPP').

OFSI has said that any attempt to take a blanket approach to LPP preventing any sharing of information about designated persons will likely be challenged. While LPP is unlikely to mean we cannot make a report at all, it may need to be considered in relation to what information we can include in our report.

If we require more detailed guidance on this point, we can either request it of OFSI or seek independent legal advice.

Whenever we invoke LPP to not report to OFSI or to limit the information reported, we should make a detailed record as to the reasons for the decision taken including:

- who took the decision?
- when the decision was taken
- the reasoning as to why LPP applied.
- who in the firm signed off on this approach.
- any other relevant information for example relevant legal advice received on this point.

Where OFSI asks for information (for example in relation to a licence application) that would rightly be subject to LPP and that privilege has not been waived, we cannot volunteer it. However, in such an instance OFSI is under no obligation to grant a licence without this information. This is a risk we should consider when deciding to work in the sanctions area.

Lastly, if a client has asked us to help them circumvent the Sanctions Regime or to help them to commit another offence, the SRA expect firms to consider whether they need to make any further reports to help prevent offences from occurring.

Authority and Enforcement
The SRA takes compliance with the Sanctions Regime very seriously and may take enforcement action where appropriate.

While sanctions compliance is mainly focused on achieving ongoing compliance with the legislation of the sanction regime, it is important to bear in mind that we are also required to comply with the SRA's Standards and Regulations. The following may be particularly relevant:

- Principles 1, 2 and 5 require us to act:
    - in a way that upholds the constitutional principle of the rule of law, and the proper administration of justice.
    - in a way that upholds public trust and confidence in the solicitors' profession and in legal services provided by authorised persons.
    - with integrity
- Code of Conduct for Firms
    - 1.1, preventing discrimination against clients,
    - 2.1 ensuring proper governance and related systems are in place.
    - 3.1 and 3.2 requiring us to keep up to date with your duties and cooperate with the SRA and other relevant bodies.
- Code of Conduct for Solicitors, RELs and RFLs.
    - 1.1, preventing discrimination against clients,
    - 7.1, 7.3 requiring us to keep up to date with your duties and cooperate with the SRA and other relevant bodies
    - and 8.1 requiring us to identify who we are acting for in any matter.
- Rule 3.3 of the Solicitors' Accounts Rules setting out the prohibition of using a client account to provide banking services.

When considering what, if any action to take, the SRA will have regard to their Enforcement Strategy. They are likely to take particularly seriously the acceptance of any instructions which are apparently aimed at circumventing the Sanctions Regime.

Access to insurance and financial services
All SRA authorised firms must maintain adequate and appropriate insurance, which must include the SRA's minimum terms. Section 6.11 of the SRA Minimum Terms and Conditions of Professional Indemnity Insurance allows an exclusion for 'any sanction, prohibition or restriction under United Nations resolutions or the trade or economic sanctions, laws or regulations of the European Union, United Kingdom, Australia or United States of America.' This means an insurer cannot be forced to pay a claimant where doing so would be illegal via the regimes of these jurisdictions.

We have checked our insurance policy for any relevant exclusions.

For an insurer to legally pay an award to a designated person, under the UK Sanctions Regime, they would require a licence by OFSI. In the SRA's view, it is ultimately the duty of the insurer to apply for the licence and the decision of OFSI whether to grant one. For this reason, when providing legal services to a designated person, we should be upfront with them about the risk that your insurance may not be able to legally pay out in the instance of a successful claim.

If we are seeking assurance about whether our insurance will cover work for our client, it is advisable to engage with our insurer before taking on a designated person as a client in order to understand whether they would in fact intend to seek a licence from OFSI in the event of a successful claim.

If our insurer is interpreting clause 6.11 SRA Minimum Terms and Conditions of Professional Indemnity Insurance to mean that it will not provide cover to any client who is subject to sanctions, we may want to exclude liability to the client to the extent that the insurance policy will not cover any successful claim brought by the client. In those circumstances, we will need to apply to the SRA for a waiver of rule 3.2 SIIR.

Guidance on applying for a waiver and the application form.

Include with your application correspondence from your insurer setting out their position. An independent decision maker will decide the waiver application.

The situation for banks and other financial service providers is different, as the SRA does not prescribe any minimum terms of engagement. If we are concerned that our bank may be unwilling or unable to facilitate transactions involving designated persons under licence, we should engage with them as soon as possible and be upfront with our client about any restrictions we might face and why.

While we may seek to challenge a bank that is refusing to process a licensed transaction relating to a designated person, the SRA has encountered numerous scenarios where the refusal of the bank was an insurmountable obstacle. We should consider the risk of this happening before providing services to a designated person. If we have been assigned a relationship manager or lead contact with our bank, we should consult them as early as possible to understand our bank's approach to these scenarios. We should closely monitor such situations as they may undermine the firm's financial viability.

It is important to note that the existence of an OFSI licence permits certain actions but does not compel third parties to take or facilitate those actions.

If timelines are tight, we should factor in delays in transactions times across jurisdictions and banks.

Immigration Sanctions
Immigration sanctions are often applied in conjunction with accompanying financial sanctions. Seeking licences under the financial Sanctions Regimes or seeking the right for a designated person to travel to the UK are separate processes and you will need to satisfy each separately.

Immigration sanctions work can also be extremely time sensitive. Once someone lawfully in the country becomes a designated person under this regime, it starts a 20-working-day period by the end of which the individual either needs to have left the country or an immigration claim is made. If the designated person is outside the country when they are designated, their entry into the country might be allowed based on human rights grounds, depending on the circumstances.

Sanctions Regimes in other jurisdictions
The UK is not unique in having a Sanctions Regime. Depending on our exposure to other jurisdictions, we might need to consider how we will comply with the local requirements.

Below are useful links to the Sanctions Regimes in other jurisdictions:

- The European Union
- The United States

As the G7 has agreed to co-ordinate their Sanctions Regime in relation to Russia, we might also need to consider these regimes where a Russian designated person is or may be involved:

- Canada
- Japan

If we have exposure to more than one regime (for example by offering services in multiple jurisdictions or to international clients or counterparties), we will need to consider how we will satisfy each of these regimes in their own right, including where appropriate seeking licences or their equivalent instruments from other national relevant authorities.

This is not just an issue of designated persons of one regime not being recognised as such by another regime. For example, in some parts of the US regime, there is no concept of control, unlike in the UK

regimes, whereas they do have the concept of accumulated ownership (for example an entity is owned 25 per cent by one designated person and 26 per cent by another designated person it would be considered as a designated person in its own right because of this).

Some regimes (in particular the US) may have extra-territorial implications. So even if there is no obvious US nexus to a transaction, US sanctions may still be relevant. This is also sometimes the case where sanctions apply to all US nationals, even those outside of the US (for example living and working in a UK law firm.)

It is also worth considering that in limited examples, where a non-US entity has facilitated transactions that were banned by the US regime, but which were not illegal for a foreign firm to facilitate, that the US does have the option of extending their sanction to include the foreign firm. This is a risk we should consider if providing sanctioned services legally permitted by the UK but that would be illegal in the US.

It is important to note that SAMLA, or equivalent legislation, also applies to overseas British Overseas Territories and Crown Dependencies.

Independent audit function

The firm has established annual internal independent audits which includes its sanctions compliance regime, which includes reviews of the sanctions firm wide and matter-level risk assessments, policies, controls, procedures and training. The recommendations from the audit are reported to senior management and acted upon.

These are carried out internally by Nicola Robinson on a monthly basis and an annual report is provided to the Directors.

Training

All fee earners and staff who carry out sanctions related work are required to undertake annual training on the sanction's risks associated with their role and related internal compliance procedures. Annual training will be supplemented by regular updates circulated by Timothy Halliday to inform of recent developments in the area.

Other resources

- Financial Sanctions Guidance
- UK Sanctions List
- NCA Red Alert, Financial Sanctions Evasion Typologies: Russian Elites and Enablers

Regulatory Framework and References

SRA Principles:

- Principle 1 — Upholding the rule of law and proper administration of justice
- Principle 2 — Upholding public trust and confidence in the profession
- Principle 5 — Acting with integrity
- Principle 7 — Acting in the best interests of each client

SRA Code of Conduct for Firms:

- Paragraph 2.1 — Effective governance, systems, and controls
- Paragraph 3.1 — Keeping up to date with regulatory obligations
- Paragraph 3.9 — Reporting serious breaches
- Paragraph 3.10 — Informing the SRA of matters requiring investigation

SRA Code of Conduct for Solicitors, RELs, RFLs and RSLs:

- Paragraph 7.1 — Keeping up to date with regulatory obligations
- Paragraph 8.1 — Identifying who you are acting for
- Paragraph 7.7 — Reporting serious breaches to the SRA
- Paragraph 7.8 — Informing the SRA of matters requiring investigation

SRA Accounts Rules:

- Rule 3.3 — Prohibition on using client account to provide banking services

Key legislation:

- Sanctions and Anti-Money Laundering Act 2018 (SAMLA), in particular ss.1–3 (power to make sanctions regulations and financial sanctions), ss.9–13 (designated persons), and ss.15–17 (exceptions, licences, information, and enforcement)
- Relevant statutory instruments made under SAMLA (country-specific sanctions regulations)

SRA guidance:

- Complying with the UK Sanctions Regime (May 2025)
- Sanctions Regime — Firm-Wide Risk Assessments
- Update your policies to reflect new sanctions licence (November 2025) — OFSI General Licence INT/2025/7323088
- Complying with Trade Sanctions (February 2025)

Professional body guidance:

- The Law Society: UK Sanctions Regime

Further help

If you require further assistance, please contact the SRA's Professional Ethics helpline.

Review of this policy

This policy will be reviewed at least annually by Timothy Halliday.