# UK GOVERNMENT ANTI-CORRUPTION PLAN – IT'S GLOBAL

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**UK Policy and Regulatory Alert**

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## GLOBAL ANTI-CORRUPTION SANCTIONS REGULATION 2021

On 26 April 2021, Foreign Secretary Dominic Raab announced[1] the United Kingdom's first sanctions under the new Global Anti-Corruption Sanctions Regulation 2021 (the Regulations).[2] The sanctions apply to 22 individuals involved in corruption cases in multiple jurisdictions, including Russia, South Africa, South Sudan, and Latin America. The UK government's decision to target 22 individuals involved in corruption affirms its intention to combat serious corruption by focusing sanctions on specific individuals as opposed to entire nations. It is anticipated that the list of sanctioned individuals will continue to expand in line with the UK government's commitment to tackling serious corruption, in particular, bribery, around the world.

The Regulations build upon the recent Global Human Rights Sanctions Regulation 2020, which put in place sanctions measures in relation to serious human rights violations. The UK government imposed 78 sanctions against individuals and entities involved in serious human rights violations.

On the same day as announcing the first sanctions, the UK government published guidance on how to implement and comply with the Regulations.[3] The Regulations permit that the secretary of state may designate a person for the purposes of targeted financial and immigration sanctions if they have reasonable grounds to suspect that that person is, or has been, involved in serious corruption (bribery or misappropriation of property). The UK consolidated sanctions list records the sanctioned individuals[4] and the details of any sanctions that apply to them.

Importantly, the prohibitions and requirements imposed in the Regulations apply within the United Kingdom and in relation to the conduct of all UK persons wherever they are in the world.[5] The extraterritorial effect of the Regulations means that companies operating outside the United Kingdom can be brought within the scope of the Regulations and will have to comply with prohibitions and requirements. For example, an overseas branch of a UK company will be prohibited from carrying out business with a company that is owned or controlled (directly or indirectly) by a sanctioned individual even if that business is conducted outside the United Kingdom.

## WHAT SANCTIONS CAN BE IMPOSED?

### Financial Sanctions

The Regulations impose financial sanctions through a targeted asset freeze on sanctioned individuals (including over assets such as property or vehicles) and prohibitions on making funds or economic resources to sanctioned

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individuals. In a corporate context, the result is that sanctioned individuals are prohibited from carrying out business with UK companies and dealing with any assets held in the United Kingdom.

Breach of the main financial prohibitions in the Regulations is a serious criminal offence, which can carry a maximum sentence on indictment of seven years' imprisonment or a fine (or both).

### Immigration Sanctions

The Regulations also impose a travel ban on sanctioned individuals: such individuals will be refused leave to enter or remain in the United Kingdom. Foreign nationals already in the United Kingdom that become subject to a travel ban will have their permission to stay in the United Kingdom cancelled.

### Record Keeping

The Regulations place an obligation on relevant firms (including Financial Conduct Authority-authorised firms, law firms, and estate agents) to report information to Her Majesty's Treasury if they know, or have reasonable cause to suspect, that a person is a sanctioned individual or may have committed an offence under parts of the Regulations. Firms must also state the nature and amount or quantity of any funds or economic resources held by it for the customer at the time when it first had the knowledge or suspicion.

For example, an estate agent receiving funds in its client account in relation to a property would be required to notify HM Treasury if they had reasonable cause to suspect that the customer was a sanctioned individual.

## U.S. GOVERNMENT'S PARALLEL APPROACH

The UK government's approach to sanctions must be viewed in line with the U.S. Government's parallel approach. The U.S. Treasury Secretary Janet Yellen communicated support for the United Kingdom's approach and the partnership between the two governments by stating that the new UK regime provides opportunities for the companies “to take complementary sanctions actions where appropriate.” The U.S. Global Magnitsky programme compliments the UK regime by focussing on human rights abusers and corrupt actors.

## WHAT NEXT?

Businesses wishing to navigate the United Kingdom's new sanctions landscape post Brexit must do so with a truly global view given the extraterritorial effect of the Regulations and the UK and U.S. governments' collaborative approach to sanctions.

Key steps to consider:

1. Review international business activities to confirm applicable sanctions regimes.
2. Update policies and procedures on sanctions to ensure compliance with the Regulations.
3. Review know-your-customer/know-your-business processes to capture relevant information for sanctions checks.
4. Refine processes for responding to identifying sanctioned individuals, including reporting processes.

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## FOOTNOTES

[1] UK sanctions 22 individuals involved in serious international corruption

[2] The Regulations have replaced the Misappropriation (Sanctions) (EU Exit) Regulation 2020 concerning misappropriation of state funds from any country outside the United Kingdom.

[3] Global anti-corruption sanctions: guidance

[4] The Regulations refer to sanctioned individuals as “designated persons.”

[5] “UK persons” includes British nationals and all bodies incorporated or constituted under the law of any part of the United Kingdom, including branches of UK companies operating overseas.

[6] Statement by Secretary Janet Yellen On the United Kingdom's Establishment of a Global Anti-Corruption Sanctions Regime

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