

Sanctions: Insights and updates

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What actions have we taken?

- Completed a thematic review
- Published guidance
- Included sanctions questions in our AML proactive inspection programme
- Wrote to 1,076 firms in January 2024 with controls guidance
- Instigated a sanction's proactive inspection programme

Inspection findings



- 25% (14 out of 55) firms did not actively provide sanctions advice
- Overall, we found firms had good controls in place
- We signposted firms to our published sanctions guidance
- We engaged with six firms
- We had to refer nine firms for further investigation

More inspection findings

Firms we supervise under the MLR 2017 (37 firms)	Firms we do not supervise under the MLR 2017 (18 firms)
• 37 firms (100%) were completing identification and verification checks	 16 firms (89%) were completing identification and verification checks
• 37 firms (100%) were screening clients for sanctions	 14 firms (78%) were screening clients for sanctions
• 31 firms (84%) completed client/matter risk assessment forms (not all matters reviewed were regulated under the MLR 2017)	 10 firms (56%) were completing a client/matter risk assessment form

Challenges firms experienced



- Keeping up to date with sanction regime changes
- Understanding ownership and control

• Third party issues

Best practice



- Having a written risk assessment in place
- Having polices and procedures in place for fee earners to follow
- Screening all clients
- Risk based approach to screening counterparties
- Providing some sanctions training to all staff

Some challenges

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Time to react (or lack of)

Volume/complexity of measures

Application to 'nationals' wherever located

US measures that have an extra-territorial impact

Some misconceptions

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'The consolidated list identifies all persons that are designated'

'I don't act for designated persons, so my sanctions risk is low'

'I can't deal with anyone who is a national of a sanctioned country'

'I don't need to worry if I'm not involved in transactions involving sanctioned countries'

OFSI red flags – 'enablers' / 'proxies'

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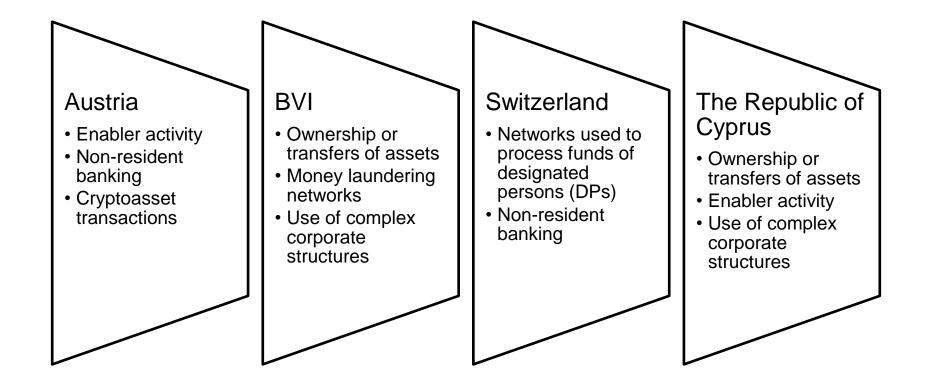
Individuals with limited profiles in the public domain, including those with little relevant professional experience

Inconsistencies in name spellings or transliterations, particularly those stemming from Cyrillic spellings

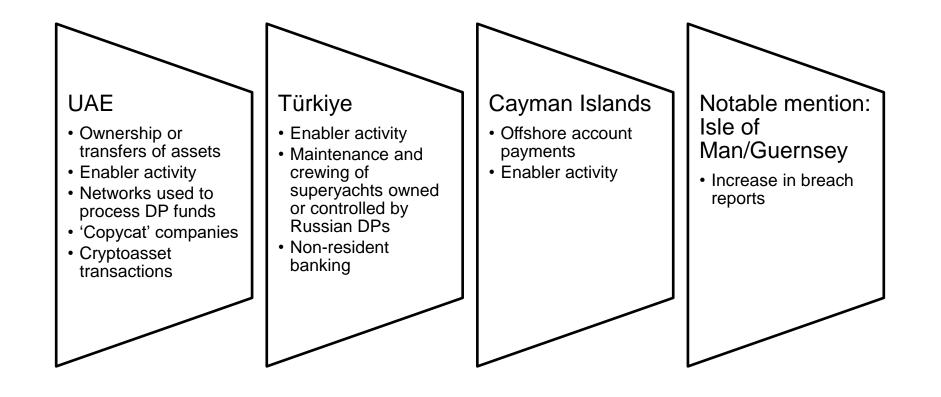
Recently acquired non-Russian citizenships, including from countries which offer golden visa schemes

Frequent or unexplained changes of name or declared location of operation

OFSI 'intermediary countries



OFSI 'intermediary countries'



Some final updates



- Designation of Blood & Honour a domestic far-right terror organisation
- Setup of the Office for Trade Sanctions Implementation (OTSI)
- Legal Sector Threat Assessment builds on financial sanctions

More information

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sra.org.uk/sanctions

gov.uk/guidance/uk-sanctions