



COUNTER-TERRORISM SANCTIONS (APPLICATION) REGULATIONS 2020

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Statutory Document No. 2020/0456



European Union and Trade Act 2019

COUNTER-TERRORISM SANCTIONS (APPLICATION) REGULATIONS 2020¹

Approved by Tynwald: 18 November 2020
Coming into Operation: IP completion day

The Council of Ministers makes the following Regulations under section 19 of, and Schedule 4 to, the European Union and Trade Act 2019.

1 Title

These Regulations are the Counter-Terrorism Sanctions (Application) Regulations 2020.

2 Commencement

If approved by Tynwald, these Regulations come into operation on IP completion day¹.

3 Interpretation

In these Regulations, “**IP completion day**” has the same meaning as in the European Union and Trade Act 2019.

4 Application of Counter-Terrorism (Sanctions) (EU Exit) Regulations 2019

- (1) The Counter-Terrorism (Sanctions) (EU Exit) Regulations 2019² (“the applied legislation”) apply to the Island, as part of the law of the Island, subject to the exceptions, modifications and adaptations specified in the Schedule.
- (2) The text of the applied legislation is annexed to these Regulations.

¹ Tynwald approval is required under section 19 of the European Union and Trade Act 2019.

² SI 2019/577, as amended by SI 2020/950.

5 Application of the Sanctions and Anti-Money Laundering Act 2018

Subject to the modifications set out in sub-paragraphs (a) and (b), the following provisions of the Sanctions and Anti-Money Laundering Act 2018 apply to the Island, as part of the law of the Island, for the purposes of the Counter-Terrorism (Sanctions) (EU Exit) Regulations 2019, as they have effect in the Island by these Regulations —

- (a) section 43 (guidance about regulations under section 1), except that —
 - (i) the reference to subsection (1) of that section to regulations under section 1 is to be read as a reference to the Counter-Terrorism (Sanctions) (EU Exit) Regulations 2019, as they have effect in the Island by these Regulations; and
 - (ii) the reference in subsection (1) of that section to the appropriate Minister who made the regulations is to be read as a reference to the Treasury; and
- (b) section 53 (saving for prerogative powers), except that the reference in that section to the United Kingdom is to be read as a reference to the Isle of Man.

MADE 30 OCTOBER 2020

SCHEDULE

[Regulation 4]

EXCEPTIONS, MODIFICATIONS AND ADAPTATIONS OF THE APPLIED LEGISLATION

1 General

In this Schedule, a reference to a numbered regulation or Schedule (without more) is a reference to that regulation or Schedule so numbered of the applied legislation.

2 Specific modifications to the Counter-Terrorism (Sanctions) (EU Exit) Regulations 2019

- (1) The applied legislation is modified as follows.
- (2) In regulation 1 (citation and commencement) —
 - (a) in the heading, omit “and commencement”; and
 - (b) omit paragraph (2).
- (3) After regulation 1 (citation and commencement), insert —

1A	Crown application
<p>For the avoidance of doubt, nothing in these Regulations affects Her Majesty in Her private capacity (within the meaning of the Crown Proceedings Act 1947³ (of Parliament)).²</p>	
- (4) In regulation 2 (interpretation) —
 - (a) in the definition of “the Act”, at the end insert **13** (of Parliament)⁴ **2**;
 - (b) after the definition of “arrangement”, insert —

<p>13 “<i>British Islands</i>” has the meaning given in the Interpretation Act 2015 (of Tynwald)⁵; 2;</p>	
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 - (c) after the definition of “conduct”, insert —

<p>13 “<i>country</i>” includes any territory, region or other place; “<i>Department of Home Affairs</i>” means the Department of Home Affairs of the Isle of Man established under section 1 of the Government Departments Act 1987 (of Tynwald)⁶; 2;</p>	
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 - (d) after the definition of “document”, insert —

³ 1947 Chapter 44.

⁴ 2018 Chapter 13.

⁵ AT 11 of 2015.

⁶ AT 13 of 1987.

“*economic resources*” means assets of every kind, whether tangible or intangible, movable or immovable, which are not funds but can be used to obtain funds, goods or services;

“*financial products*” means —

- (a) money market instruments (including cheques, bills and certificates of deposit);
- (b) foreign exchange;
- (c) derivative products (including futures and options);
- (d) exchange rate and interest rate instruments (including products such as swaps and forward rate agreements);
- (e) transferable securities;
- (f) other negotiable instruments and financial assets (including bullion);

“*financial services*” means any service of a financial nature, including (but not limited to) —

- (a) insurance-related services consisting of —
 - (i) direct life assurance;
 - (ii) direct insurance other than life assurance;
 - (iii) reinsurance and retrocession;
 - (iv) insurance intermediation, such as brokerage and agency;
 - (v) services auxiliary to insurance, such as consultancy, actuarial, risk assessment and claim settlement services;
- (b) banking and other financial services consisting of —
 - (i) accepting deposits and other repayable funds;
 - (ii) lending (including consumer credit, mortgage credit, factoring and financing of commercial transactions);
 - (iii) financial leasing;
 - (iv) payment and money transmission services (including credit, charge and debit cards, travellers’ cheques and bankers’ drafts);
 - (v) providing guarantees or commitments;
 - (vi) financial trading;
 - (vii) participating in issues of any kind of securities (including underwriting and placement as an agent, whether publicly or

- privately) and providing services related to such issues;
- (viii) money brokering;
- (ix) asset management, such as cash or portfolio management, all forms of collective investment management, pension fund management, custodial, depository and trust services;
- (x) settlement and clearing services for financial assets (including securities, derivative products and other negotiable instruments);
- (xi) providing or transferring financial information, and financial data processing or related software (but only by suppliers of other financial services);
- (xii) providing advisory and other auxiliary financial services in respect of any activity listed in sub-paragraphs (i) to (xi) (including credit reference and analysis, investment and portfolio research and advice, advice on acquisitions and on corporate restructuring and strategy);

“*financial trading*” means trading for own account or for account of customers, whether on an investment exchange, or in an over-the-counter market or otherwise, in financial products;

“*funds*” means financial assets and benefits of every kind, including (but not limited to) —

- (a) cash, cheques, claims on money, drafts, money orders and other payment instruments;
- (b) deposits, balances on accounts, debts and debt obligations;
- (c) publicly and privately traded securities and debt instruments, including stocks and shares, certificates representing securities, bonds, notes, warrants, debentures and derivative products;
- (d) interest, dividends and other income on or value accruing from or generated by assets;
- (e) credit, rights of set-off, guarantees, performance bonds and other financial commitments;
- (f) letters of credit, bills of lading and bills of sale;
- (g) documents providing evidence of an interest in funds or financial resources;

- (h) any other instrument of export finance;
- “*international obligation*” means an obligation of the United Kingdom and the Isle of Man created or arising by or under any international agreement;
- “*IP completion day*” has the meaning given in the Interpretation Act 2015 (of Tynwald)⁷;
- “*Island person*” means —
- (a) a British citizen, a British overseas territories citizen, a British National (Overseas) or a British overseas citizen who is resident in the Isle of Man;
 - (b) a person who under the British Nationality Act 1981 (of Parliament)⁸ is a British subject who is resident in the Isle of Man;
 - (c) a British protected person within the meaning of that Act who is resident in the Isle of Man; or
 - (d) a body incorporated under the law of the Isle of Man;
- “*person*” includes (in addition to an individual and a body of persons corporate or unincorporate) any organisation and any association or combination of persons;
- “*Public Services Commission*” means the Public Services Commission established by the Public Services Commission Act 2015 (of Tynwald)⁹; ~~22~~;
- (e) after the definition of “resolution 1373”, insert —
- ~~24~~ “*standard scale*” means the standard scale contained in section 55 of the Interpretation Act 2015 (of Tynwald)¹⁰;
- “*territorial sea*” (without more) means the territorial sea adjacent to the Isle of Man;
- “*Treasury*” has the meaning given in the Interpretation Act 2015 (of Tynwald)¹¹; ~~22~~;
- (f) after the definition of “Treasury licence”, insert —
- ~~24~~ “*UN obligation*” means an obligation that the United Kingdom has in relation to the Isle of Man by virtue of a UN Security Council Resolution;
- “*UN Security Council Resolution*” means a resolution adopted by the Security Council of the United Nations. ~~22~~;
- (g) omit the definition of “United Kingdom person”;

⁷ AT 11 of 2015.

⁸ 1981 Chapter 61.

⁹ AT 1 of 2015.

¹⁰ AT 11 of 2015.

¹¹ AT 11 of 2015.

- (h) number the existing text as paragraph (1); and
- (i) after paragraph (1), insert —
- (2) In these Regulations, all references to Manx legislation (within the meaning of section 9 of the Interpretation Act 2015 (of Tynwald)¹²) shall be construed as references to that legislation as amended from time to time.
- (5) In regulation 3 (application of prohibitions and requirements) —
- (a) in paragraphs (1) and (4), for “A United Kingdom person”, substitute “An Island person”;
- (b) in paragraphs (1), (4) and (7), for “the United Kingdom”, wherever occurring, substitute “the Isle of Man”;
- (c) in paragraphs (2) and (5), for “the territorial sea”, wherever occurring, substitute “the Isle of Man or in the territorial sea”; and
- (d) in paragraph (7), for “Nothing”, substitute “For the avoidance of doubt, nothing”.
- (6) In regulation 4 (purposes) —
- (a) in paragraph (1), for “The regulations contained in this instrument that are made under section 1 of the Act”, substitute “These Regulations”;
- (b) in paragraph (2), after “United Kingdom”, insert “, Isle of Man”; and
- (c) in paragraph (3), for “United Kingdom has”, substitute “United Kingdom and the Isle of Man have”.
- (7) Omit regulation 5 (power to designate persons).
- (8) Omit regulation 6 (designation criteria).
- (9) For regulation 8 (notification and publicity where designation power used), substitute —
- 8 Requirement to publish a list of designated persons**
- (1) Subject to paragraph (2), the Treasury must —
- (a) publish a list of designated persons; and
- (b) keep the list up to date.
- (2) Where, in accordance with regulation 8 (notification and publicity where designation power used) (as it has effect in the United Kingdom) Her Majesty’s Treasury is not required to publicise generally a designation, variation or revocation, the Treasury must not include in the list under

¹² AT 11 of 2015.

- paragraph (1) any details of that designation, variation or revocation.
- (3) The Treasury may publish the list under paragraph (1) in any form the Treasury considers appropriate, including by means of a website.
- (4) For the purpose of this regulation, “designated person” means any person for the time being designated by Her Majesty’s Treasury under regulation 5 of the Counter-Terrorism (Sanctions) (EU Exit) Regulations 2019 (of Parliament).¹³
- (10) In regulation 9 (confidential information in certain cases where designation power used) —
- (a) in the heading, omit “where designation power used”;
- (b) omit paragraph (1);
- (c) in paragraph (2)(a), for “that is to be treated as confidential in accordance with paragraph (1)”, substitute **13** which Her Majesty’s Treasury has specified is to be treated as confidential under regulation 9(1) of the Counter-Terrorism (Sanctions) (EU Exit) Regulations 2019 (of Parliament)¹⁴;
- (d) in paragraph (4)(c), for “enactment”, substitute **13** Manx legislation (within the meaning of section 9 of the Interpretation Act 2015 (of Tynwald)¹⁵); and
- (e) omit paragraphs (7) and (8).
- (11) For regulation 10 (meaning of “designated person” in Part 3), substitute —
- 13 10 Meaning of “designated person” in Part 3**
- In this Part a “*designated person*” means a person who is designated by Her Majesty’s Treasury from time to time under regulation 5 of the Counter-Terrorism (Sanctions) (EU Exit) Regulations 2019 (of Parliament)¹⁴ for the purposes of regulations 11 to 15 of those Regulations.
- Note:*
- Under provisions of the Sanctions and Anti-Money Laundering Act 2018 (of Parliament)¹⁵, a person’s designation may be varied or revoked. Any such variation or revocation would have effect in the Isle of Man.*¹⁶
- (12) In regulation 17 (finance: exceptions from prohibitions) —
- (a) omit paragraph (6);
- (b) in paragraph (8), for the definition of “relevant institution”, substitute —

¹³ AT 11 of 2015.

¹⁴ SI 2019/577.

¹⁵ 2018 Chapter 13.

“*relevant institution*” means —

- (a) a person who is licensed under the Financial Services Act 2008 (of Tynwald)¹⁶ to carry on a regulated activity within the meaning of section 3 of that Act;
- (b) a person who is authorised or registered under the Insurance Act 2008 (of Tynwald)¹⁷ or holds a permit under that Act;
- (c) a person who is registered under the Moneylenders Act 1991 (of Tynwald)¹⁸ to carry on the business of lending money;
- (d) a person who is acting as a trustee or an administrator of a retirement benefits scheme within the meaning of the Retirement Benefits Schemes Act 2008 (of Tynwald)¹⁹; and

(c) omit paragraph (9).

- (13) For regulation 17A (finance: exception for authorised conduct in a relevant country), substitute —

17A Exception for authorised conduct outside the Isle of Man

- (1) Where a person’s conduct outside the Isle of Man would, in the absence of this paragraph, contravene a prohibition in any of regulations 11 to 15 (asset-freeze etc.) (“the relevant prohibition”), the relevant prohibition is not contravened if the conduct is authorised by a licence issued under regulation 19 (Treasury licences), as it has effect in the United Kingdom.
- (2) Where a person’s conduct in a relevant country would, in the absence of this paragraph, contravene the relevant prohibition, the relevant prohibition is not contravened if the conduct is authorised by a licence or other authorisation which is issued —
 - (a) under the law of the relevant country; and
 - (b) for the purpose of disapplying a prohibition in that jurisdiction which corresponds to the relevant prohibition.
- (3) In this regulation, “relevant country” means —
 - (a) any of the Channel Islands;
 - (b) any British overseas territory.

¹⁶ AT 8 of 2008.

¹⁷ AT 16 of 2008.

¹⁸ AT 6 of 1991.

¹⁹ AT 14 of 2008.

- (4) Nothing in this regulation affects the application of a prohibition in a case where it would be incompatible with a UN obligation for the prohibition not to apply. **22**.
- (14) For regulation 18 (exception for acts done for purposes of national security or prevention of serious crime), substitute —

18 Exception for acts done for purposes of national security or prevention of serious crime

- (1) Where an act would, in the absence of this paragraph, be prohibited by regulation 9(2) (confidentiality) or any prohibition in Part 3 (Finance), that prohibition does not apply to the act if the act is one which —
- (a) a UK responsible officer has determined would be in the interests of national security or the prevention or detection of serious crime in the United Kingdom or elsewhere; or
 - (b) an Island responsible officer has determined would be in the interests of the prevention or detection of serious crime in the Isle of Man or elsewhere.
- (2) Where, in the absence of this paragraph, a thing would be required to be done under or by virtue of a provision of Part 5 (Information), that requirement does not apply if —
- (a) a UK responsible officer has determined that not doing the thing in question would be in the interests of national security or the prevention or detection of serious crime in the United Kingdom or elsewhere; or
 - (b) an Island responsible officer has determined that not doing the thing in question would be in the interests of the prevention or detection of serious crime in the Isle of Man or elsewhere.
- (3) In this regulation —
- “*Island responsible officer*” means a person —
 - (a) in the service of the Crown or holding office under the Crown in the Isle of Man;
 - (b) appointed by the Public Services Commission; or
 - (c) appointed as a constable by the Department of Home Affairs,
 acting in the course of that person’s duty;
 - “*UK responsible officer*” means a person in the service of the Crown or holding office under the Crown in the

- United Kingdom, acting in the course of that person's duty.
- (4) Nothing in this regulation affects the application of a prohibition or requirement in a case where it would be incompatible with a UN obligation for the prohibition or requirement not to apply. **22**.
- (15) In regulation 19 (Treasury licences), for paragraphs (3) to (5), substitute —
- 23**(3) The Treasury may vary, revoke or suspend a licence at any time.
- (4) If the Treasury issues, varies, revokes or suspends a licence which authorises acts by a particular person, the Treasury must give written notice to that person of the issue, variation, revocation or suspension of the licence.
- (5) If the Treasury issues, varies, revokes or suspends a general licence or a licence which authorises acts by persons of a particular description, the Treasury must take such steps as it considers appropriate to publicise the issue, variation, revocation or suspension of the licence. **22**.
- (16) In regulation 21 (finance: reporting obligations) —
- (a) in paragraph (5), omit sub-paragraph (b) and the preceding “, or” in sub-paragraph (a);
- (b) in paragraph (7), for the definition of “relevant firm”, substitute —
- 23**“*relevant firm*” means —
- (a) a business in the regulated sector within the meaning of Schedule 4 to the Proceeds of Crime Act 2008 (of Tynwald)²⁰ (see in particular paragraph 2 of that Schedule);
- (b) a person engaged in the business of making, supplying, selling (including selling by auction) or exchanging articles made from gold, silver, platinum, palladium, precious stones or pearls; **22**; and
- (c) after paragraph (7), insert —
- 23**(8) For the purposes of paragraph (a) of the definition of “relevant firm” in paragraph (7), the definition of “estate agent” in Schedule 4 to the Proceeds of Crime Act 2008 (of Tynwald) is to be read as if references to the sale or proposed sale of land in section 15 of the Estate Agents Act 1975 (of Tynwald)²¹ included references to the sale or proposed sale of land outside the Isle of Man. **22**.

²⁰ AT 13 of 2008.

²¹ AT 6 of 1975.

- (17) Omit regulation 22 (“relevant firm”).
- (18) In regulation 23 (finance: powers to request information), in paragraphs (4) and (6), for “the Treasury believe”, in both places, substitute **“the Treasury believes”**.
- (19) In regulation 24 (finance: production of documents), in paragraphs (2) and (3), for “the Treasury request”, in both places, substitute **“the Treasury requests”**.
- (20) In regulation 25 (finance: information offences), in paragraph (1)(d), for “their”, substitute **“its”**.
- (21) In regulation 26 (disclosure of information) —
- (a) in paragraph (2) —
- (i) after sub-paragraph (c), insert —
- “(ca) taking any action with a view to instituting, or otherwise for the purposes of, any proceedings in the Isle of Man for an offence under any provisions of these Regulations;”**
- (ii) in sub-paragraph (d)(i), after “Regulations”, insert **“(as they have effect in the United Kingdom)”**;
- (iii) in sub-paragraph (e), omit “, the Isle of Man”;
- (iv) omit the footnote at the end of sub-paragraph (f); and
- (v) in sub-paragraph (g), for “United Kingdom”, substitute **“Isle of Man”**; and
- (b) for paragraph (3), substitute —
- “(3) Information referred to in paragraph (1) may be disclosed to the following persons —**
- (a) a police officer;
- (b) any person holding or acting in any office under or in the service of —
- (i) the Government of the Isle of Man;
- (ii) the Crown in right of the Government of the United Kingdom;
- (iii) the Crown in right of the Scottish Government, the Northern Ireland Executive or the Welsh Government;
- (iv) the States of Jersey, Guernsey or Alderney or the Chief Pleas of Sark; or
- (v) the Government of any British overseas territory;
- (c) any law officer of the Crown in any of the British Islands;

- (d) the Legal Aid Agency in England and Wales, the Scottish Legal Aid Board or the Legal Services Agency Northern Ireland;
- (e) the Isle of Man Financial Services Authority and any body of any other part of the British Islands exercising an equivalent function;
- (f) any other regulatory body (whether or not in the Isle of Man);
- (g) any organ of the United Nations;
- (h) any person in the service of the United Nations, the Council of the European Union, the European Commission or the European External Action Service;
- (i) the Government of any country;
- (j) any other person where the Treasury considers that it is appropriate to disclose the information. ²².

(22) In regulation 27 (Part 5: supplementary) —

(a) for paragraph (2), substitute —

²³(2) But nothing in that regulation authorises a disclosure —

- (a) that contravenes the data protection legislation;
- (b) of intercepted material that is not otherwise permitted under the safeguards arrangements relating to a warrant issued under the Interception of Communications Act 1988 (of Tynwald)²². ²³;

(b) in paragraph (3), for “counsel or solicitor”, substitute ²⁴an advocate or lawyer ²⁵; and

(c) in paragraph (6) —

(i) for the definition of “the data protection legislation”, substitute —

²⁶“the data protection legislation” has the meaning given in regulation 5(1) of the GDPR and LED Implementing Regulations 2018 (of Tynwald)²³; ²⁷; and

(ii) in the definition of “privileged information” omit “(in Scotland, to confidentiality of communications)”.

(23) For regulation 28 (penalties for offences), substitute —

²⁸28 Penalties for offences

²² AT 18 of 1988.

²³ SD 2018/0145.

- (1) A person guilty of an offence under any provision of Part 3 (finance) or regulation 20 (finance: licensing offences), is liable —
- (a) on summary conviction, to custody for a term not exceeding 12 months or to a fine not exceeding level 5 on the standard scale, or to both;
- (b) on conviction on information, to custody for a term not exceeding 7 years or to a fine, or to both.
- (2) A person guilty of an offence under regulation 9(6) (confidentiality), is liable —
- (a) on summary conviction, to custody for a term not exceeding 12 months or to a fine not exceeding level 5 on the standard scale, or to both;
- (b) on conviction on information, to custody for a term not exceeding 2 years or to a fine, or to both.
- (3) A person guilty of an offence under regulation 21(6) or 25 (information offences in connection with Part 3) is liable on summary conviction, to custody for a term not exceeding 6 months or to a fine not exceeding level 5 on the standard scale, or to both. **22**.
- (24) In regulation 30 (jurisdiction to try offences) —
- (a) omit paragraph (1);
- (b) in paragraph (2) —
- (i) for “United Kingdom”, in both places, substitute **23** Isle of Man **22**;
- (ii) in sub-paragraph (a), omit “at any place”; and
- (iii) in sub-paragraph (b), for “at any such place”, substitute **23** in the Isle of Man **22**; and
- (c) omit paragraphs (3) and (4).
- (25) In regulation 31 (procedure for offences by unincorporated bodies) —
- (a) in paragraph (2), for “England and Wales or Northern Ireland”, substitute **23** the Isle of Man **22**; and
- (b) for paragraph (3), substitute —
- 23** (3) For the purposes of proceedings for such an offence brought against an unincorporated body section 32 of the Summary Jurisdiction Act 1989 (of Tynwald)²⁴ and rules of court relating to the service of documents apply. **22**.
- (26) In regulation 32 (time limit for proceedings for summary offences) —
- (a) in paragraph (1) —

²⁴ AT 15 of 1989.

- (i) for “prosecutor”, substitute **63** Attorney General **62**; and
 - (ii) for “prosecutor’s”, substitute **63** Attorney General’s **62**;
 - (b) in paragraph (3) —
 - (i) for “prosecutor”, substitute **63** Attorney General **62**; and
 - (ii) for “prosecutor’s”, substitute **63** Attorney General’s **62**;
 - (c) omit paragraph (4); and
 - (d) at the end, insert —
 - 63**(5) In this regulation, “Attorney General” has the meaning given in the Interpretation Act 2015 (of Tynwald)²⁵. **62**.
- (27) Omit regulation 33 (application of Chapter 1 of Part 2 of Serious Organised Crime and Police Act 2005).
- (28) In regulation 34 (notices) —
- (a) in paragraph (5)(b), for “United Kingdom”, in both places, substitute **63** Isle of Man **62**; and
 - (b) in paragraph (6), in the definition of “registered company”, for “in force in the United Kingdom”, substitute **63**in operation in the Isle of Man **62**.
- (29) After regulation 34 (notices), insert —
- 63** 34A **Protection for acts done for purposes of compliance**
 - (1) A person is not liable to any civil proceedings to which that person would, in the absence of this regulation, have been liable in respect of an act if that act is done in the reasonable belief that the act is in compliance with these Regulations.
 - (2) In this regulation, “act” includes an omission. **62**.
- (30) In regulation 35 (transitional provision: Treasury licences) —
- (a) in paragraph (1)(a), for “section 17 of the Terrorist Asset-Freezing etc. Act 2010”, substitute **63**section 51 of the Terrorism and Other Crime (Financial Restrictions) Act 2014 (of Tynwald)²⁶ **62**;
 - (b) in paragraphs (3), (4) and (5) for “Terrorist Asset-Freezing etc. Act 2010”, wherever occurring, substitute **63**Terrorism and Other Crime (Financial Restrictions) Act 2014 (of Tynwald) **62**; and
 - (c) for paragraph (7), substitute —
 - 63**(7) In this regulation, “*the relevant date*” means IP completion day. **62**.
- (31) For regulation 36 (transitional provision: prior obligations), substitute —
- 63** 36 **Transitional provision: prior obligations**

²⁵ AT 11 of 2015.

²⁶ AT 13 of 2014.

Where a person (“P”) was designated by Her Majesty’s Treasury for the purposes of Part 1 of the Terrorist Asset-Freezing etc. Act 2010 (of Parliament)²⁷, as that Part has effect in the Isle of Man by virtue of section 24 of the Terrorism and Other Crime (Financial Restrictions) Act 2014 (of Tynwald)²⁸ immediately before the date on which P is designated under regulation 5 of the Counter-Terrorism (Sanctions) (EU) Exit) Regulations 2019 (of Parliament)²⁹ for the purposes of regulations 11 to 15 (asset-freeze etc.) of those Regulations, the reference in regulation 17(5) (finance: exceptions from prohibitions) to the date on which a person became a designated person is a reference to the date on which the person was designated by Her Majesty’s Treasury for the purposes of Part 1 of the Terrorist Asset-Freezing etc. Act 2010. **22**.

- (32) In the Schedule (rules for interpretation of regulation 7(2)), in paragraph 13 (rights exercisable only in certain circumstances etc), omit subparagraphs (2) and (3).

²⁷ 2010 Chapter 38.

²⁸ AT 13 of 2014.

²⁹ SI 2019/577.

Annex

STATUTORY INSTRUMENTS

2019 No. 577

EXITING THE EUROPEAN UNION

SANCTIONS

The Counter-Terrorism (Sanctions) (EU Exit) Regulations 2019

Made - - - - 14th March 2019
Laid before Parliament 15th March 2019
Coming into force in accordance with regulation 1(2)

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SCHEDULE — Rules for interpretation of regulation 7(2)

PART 1

General

Citation and commencement

1. (1) These Regulations may be cited as the Counter-Terrorism (Sanctions) (EU Exit) Regulations 2019.
(2) ~~These Regulations come into force in accordance with regulations made by the Treasury under section 56 of the Act.~~

Crown application

1A For the avoidance of doubt, nothing in these Regulations affects Her Majesty in Her private capacity (within the meaning of the Crown Proceedings Act 1947³⁰ (of Parliament)).

Interpretation

2. (1) In these Regulations—
“the Act” means the Sanctions and Anti-Money Laundering Act 2018 **(of Parliament)**³¹;
“arrangement” includes any agreement, understanding, scheme, transaction or series of transactions, whether or not legally enforceable (but see paragraph 12 of the Schedule for the meaning of that term in the Schedule);
“**British Islands**” has the meaning given in the **Interpretation Act 2015 (of Tynwald)**³²;
“conduct” includes acts and omissions;
“**country**” includes any territory, region or other place;
“**Department of Home Affairs**” means the **Department of Home Affairs of the Isle of Man established under section 1 of the Government Departments Act 1987 (of Tynwald)**³³;
“document” includes information recorded in any form and, in relation to information recorded otherwise than in legible form, references to its production include producing a copy of the information in legible form;
“**economic resources**” means **assets of every kind, whether tangible or intangible, movable or immovable, which are not funds but can be used to obtain funds, goods or services**;
“**financial products**” means —
(a) **money market instruments (including cheques, bills and certificates of deposit)**;
(b) **foreign exchange**;
(c) **derivative products (including futures and options)**;
(d) **exchange rate and interest rate instruments (including products such as swaps and forward rate agreements)**;
(e) **transferable securities**;
(f) **other negotiable instruments and financial assets (including bullion)**;
“**financial services**” means any service of a financial nature, including **(but not limited to) —**
(a) **insurance-related services consisting of —**
(i) **direct life assurance**;

³⁰ 1947 Chapter 44.

³¹ 2018 Chapter 13.

³² AT 11 of 2015.

³³ AT 13 of 1987.

- (ii) direct insurance other than life assurance;
- (iii) reinsurance and retrocession;
- (iv) insurance intermediation, such as brokerage and agency;
- (v) services auxiliary to insurance, such as consultancy, actuarial, risk assessment and claim settlement services;
- (b) banking and other financial services consisting of —
 - (i) accepting deposits and other repayable funds;
 - (ii) lending (including consumer credit, mortgage credit, factoring and financing of commercial transactions);
 - (iii) financial leasing;
 - (iv) payment and money transmission services (including credit, charge and debit cards, travellers' cheques and bankers' drafts);
 - (v) providing guarantees or commitments;
 - (vi) financial trading;
 - (vii) participating in issues of any kind of securities (including underwriting and placement as an agent, whether publicly or privately) and providing services related to such issues;
 - (viii) money brokering;
 - (ix) asset management, such as cash or portfolio management, all forms of collective investment management, pension fund management, custodial, depository and trust services;
 - (x) settlement and clearing services for financial assets (including securities, derivative products and other negotiable instruments);
 - (xi) providing or transferring financial information, and financial data processing or related software (but only by suppliers of other financial services);
 - (xii) providing advisory and other auxiliary financial services in respect of any activity listed in sub-paragraphs (i) to (xi) (including credit reference and analysis, investment and portfolio research and advice, advice on acquisitions and on corporate restructuring and strategy);

"financial trading" means trading for own account or for account of customers, whether on an investment exchange, or in an over-the-counter market or otherwise, in financial products;

"funds" means financial assets and benefits of every kind, including (but not limited to) —

- (a) cash, cheques, claims on money, drafts, money orders and other payment instruments;
- (b) deposits, balances on accounts, debts and debt obligations;
- (c) publicly and privately traded securities and debt instruments, including stock and shares, certificates representing securities, bonds, notes, warrants, debentures and derivative products;
- (d) interest, dividends and other income on or value accruing from or generated by assets;
- (e) credit, rights of set-off, guarantees, performance bonds and other financial commitments;
- (f) letters of credit, bills of lading and bills of sale;
- (g) documents providing evidence of an interest in funds or financial resources;
- (h) any other instrument of export finance;

“international obligation” means an obligation of the United Kingdom and the Isle of Man created or arising by or under any international agreement;

“IP completion day” has the meaning given in the Interpretation Act 2015 (of Tynwald)³⁴;

“Island person” means —

- (a) a British citizen, a British overseas territories citizen, a British National (Overseas) or a British overseas citizen who is resident in the Isle of Man;**
- (b) a person who under the British Nationality Act 1981 (of Parliament)³⁵ is a British subject who is resident in the Isle of Man;**
- (c) a British protected person within the meaning of that Act who is resident in the Isle of Man; or**
- (d) a body incorporated under the law of the Isle of Man;**

“person” includes (in addition to an individual and a body of persons corporate or unincorporated) any organisation and any association or combination of persons;

“Public Services Commission” means the Public Services Commission established by the Public Services Commission Act 2015 (of Tynwald)³⁶;

“resolution 1373” means resolution 1373 (2001) adopted by the Security Council on 28 September 2001;

“standard scale” means the standard scale contained in section 55 of the Interpretation Act 2015 (of Tynwald)³⁷;

“territorial sea” (without more) means the territorial sea adjacent to the Isle of Man;

“Treasury” has the meaning given in the Interpretation Act 2015 (of Tynwald)³⁸;

“Treasury licence” means a licence under regulation 19(1);

“UN obligation” means an obligation that the United Kingdom has in relation to the Isle of Man by virtue of a UN Security Council Resolution;

“UN Security Council Resolution” means a resolution adopted by the Security Council of the United Nations.

~~“United Kingdom person” has the same meaning as in section 21 of the Act.~~

(2) In these Regulations, all references to Manx legislation (within the meaning of section 9 of the Interpretation Act 2015 (of Tynwald)³⁹) shall be construed as references to that legislation as amended from time to time.

Application of prohibitions and requirements

3. (1) ~~A United Kingdom person~~ **An Island person** may contravene a relevant prohibition by conduct wholly or partly outside ~~the United Kingdom~~ **the Isle of Man**.

(2) Any person may contravene a relevant prohibition by conduct in ~~the territorial sea~~ **the Isle of Man or in the territorial sea**.

(3) In paragraphs (1) and (2), a “relevant prohibition” means any prohibition imposed—

- (a) by regulation 9(2) (confidential information),
- (b) by Part 3 (Finance), or
- (c) by a condition of a Treasury licence.

(4) ~~A United Kingdom person~~ **An Island person** may comply, or fail to comply, with a relevant requirement by conduct wholly or partly outside ~~the United Kingdom~~ **the Isle of Man**.

³⁴ AT 11 of 2015.

³⁵ 1981 Chapter 61.

³⁶ AT 1 of 2015.

³⁷ AT 11 of 2015.

³⁸ AT 11 of 2015.

³⁹ AT 11 of 2015.

(5) Any person may comply, or fail to comply, with a relevant requirement by conduct in the territorial sea **the Isle of Man or in the territorial sea.**

(6) In paragraphs (4) and (5), a "relevant requirement" means any requirement imposed—

- (a) by or under Part 5 (Information), or by reason of a request made under a power conferred by that Part, or
- (b) by a condition of a Treasury licence.

(7) ~~Nothing~~ **For the avoidance of doubt, nothing** in this regulation is to be taken to prevent a relevant prohibition or a relevant requirement from applying to conduct (by any person) in the United Kingdom **the Isle of Man.**

Purposes

4. (1) ~~The regulations contained in this instrument that are made under section 1 of the Act~~ **These Regulations** have the following purposes—

- (a) compliance with the relevant UN obligations, and
- (b) the additional purposes mentioned in paragraph (2).

(2) Those additional purposes are—

- (a) the prevention of terrorism⁴⁰ in the United Kingdom, **the Isle of Man** or elsewhere otherwise than by compliance with the relevant UN obligations; and
- (b) the interests of national security.

(3) In this regulation, "the relevant UN obligations" means the obligations the United Kingdom has **United Kingdom and the Isle of Man have** by virtue of paragraphs 1 and 2 of resolution 1373.

PART 2

Designation of persons

Power to designate persons

5. ~~The Treasury may designate persons by name for the purposes of regulations 11 to 15 (asset freeze etc.).~~

Designation criteria

6. (1) ~~The Treasury may not designate a person under regulation 5 unless the Treasury—~~

~~(a) have reasonable grounds to suspect that that person is an involved person, and~~

~~(b) consider that the designation of that person is appropriate, having regard to—~~

~~(i) the purposes stated in regulation 4, and~~

~~(ii) the likely significant effects of the designation on that person (as they appear to the Treasury to be on the basis of the information that the Treasury have).~~

~~(2) In this regulation, an "involved person" means a person who—~~

~~(a) is or has been involved in terrorist activity;~~

~~(b) is owned or controlled directly or indirectly (within the meaning of regulation 7) by a person who is or has been so involved;~~

~~(c) is acting on behalf of or at the direction of a person who is or has been so involved, or~~

~~(d) is a member of, or associated with, a person who is or has been so involved.~~

~~(3) Any reference in this regulation to being involved in terrorist activity includes being so involved in whatever way and wherever any actions constituting the involvement take place and in particular includes—~~

~~(a) being responsible for, engaging in or providing support for, the commission, preparation or instigation of acts of terrorism;~~

~~(b) providing financial services, or making available funds or economic resources, for the purposes of terrorism;~~

~~(c) facilitating, promoting or encouraging terrorism;~~

⁴⁰ Section 62(1) of the Sanctions and Anti-Money Laundering Act 2018 defines "terrorism" as having the same meaning as in the Terrorism Act 2000 (c.11) (see section 1(1) to (4) of that Act).

- (d) providing or receiving training for the purposes of terrorism;
- (e) travelling or attempting to travel from or into the relevant territory for the purposes of terrorism;
- (f) carrying out recruitment activities for a person involved in terrorism;
- (g) being responsible for, engaging in, being complicit in, providing support for, or promoting, the abduction, enslavement, forced marriage or rape of, or sexual violence against, persons outside the relevant territory on behalf of, or in the name of, a person who is involved in terrorism;
- (h) supporting or assisting any person who is known or believed by the person concerned to be involved in any activity mentioned in sub-paragraphs (a) to (g); or
- (i) being involved in assisting the contravention or circumvention of any relevant provision.

(4) In this regulation, "carrying out recruitment activities" means—

- (a) soliciting another person to—
 - (i) become a member of a person, other than an individual, involved in terrorism, or
 - (ii) participate in any act by, in conjunction with, in the name of, on behalf of or in support of a person involved in terrorism;
- (b) soliciting or otherwise procuring funds for the purpose of financing the travel of a person solicited as mentioned in sub-paragraph (a);
- (c) organising, providing support for or otherwise facilitating the travel of a person solicited as mentioned in sub-paragraph (a).

(5) In this regulation—

being "associated with" a person includes pledging allegiance in whatever way to that person;

"promoting or encouraging" terrorism includes a reference to a person who promotes or encourages terrorism within the meaning of section 3 of the Terrorism Act 2000⁴¹;

"relevant provision" means—

- (a) any provision of Part 3;
- (b) any provision of the law of a country other than the United Kingdom made for purposes corresponding to a purpose of any provision of Part 3;

"relevant territory" means the United Kingdom and the territory of the Member States of the European Union.

(6) Nothing in any sub-paragraph of paragraph (3) is to be taken to limit the meaning of any of the other sub-paragraphs of that paragraph.

Meaning of "owned or controlled directly or indirectly"

7. (1) A person who is not an individual ("C") is "owned or controlled directly or indirectly" by another person ("P") if either of the following two conditions is met (or both are met).

(2) The first condition is that P—

- (a) holds directly or indirectly more than 50% of the shares in C,
- (b) holds directly or indirectly more than 50% of the voting rights in C, or
- (c) holds the right directly or indirectly to appoint or remove a majority of the board of directors of C.

(3) The Schedule contains provision applying for the purpose of interpreting paragraph (2).

(4) The second condition is that it is reasonable, having regard to all the circumstances, to expect that P would (if P chose to) be able, in most cases or in significant respects, by whatever means and, whether directly or indirectly, to achieve the result that affairs of C are conducted in accordance with P's wishes.

Notification and publicity where designation power used

8. (1) Paragraph (2) applies where the Treasury—

⁴¹ 2000 c.11. Section 3 was amended by the Terrorism Act 2006 (c.11).

- (a) — have made a designation under regulation 5, or
 - (b) — have by virtue of section 22 of the Act varied or revoked a designation made under that regulation.
- (2) — The Treasury —
- (a) — must without delay take such steps as are reasonably practicable to inform the designated person of the designation, variation or revocation, and
 - (b) — must take steps to publicise the designation, variation or revocation.
- (3) — The information given under paragraph (2)(a) where a designation is made must include a statement of reasons.
- (4) — In this regulation, a “statement of reasons”, in relation to a designation, means a brief statement of the matters that the Treasury know, or have reasonable grounds to suspect, in relation to the designated person which have led the Treasury to make the designation.
- (5) — Matters that would otherwise be required by paragraph (4) to be included in a statement of reasons may be excluded from it where the Treasury consider that they should be excluded —
- (a) — in the interests of national security or international relations,
 - (b) — for reasons connected with the prevention or detection of serious crime in the United Kingdom or elsewhere, or
 - (c) — in the interests of justice.
- (6) — The steps taken under paragraph (2)(b) must —
- (a) — unless one or more of the restricted publicity conditions is met, be steps to publicise generally —
 - (i) — the designation, variation or revocation, and
 - (ii) — in the case of a designation, the statement of reasons;
 - (b) — if one or more of those conditions is met, be steps to inform only such persons as the Treasury consider appropriate of the designation, variation or revocation and (in the case of a designation) of the contents of the statement of reasons.
- (7) — The “restricted publicity conditions” are as follows —
- (a) — the designation is of a person believed by the Treasury to be an individual under the age of 18;
 - (b) — the Treasury consider that disclosure of the designation, variation or revocation should be restricted —
 - (i) — in the interests of national security or international relations,
 - (ii) — for reasons connected with the prevention or detection of serious crime in the United Kingdom or elsewhere, or
 - (iii) — in the interests of justice.
- (8) — Paragraph (9) applies if —
- (a) — when a designation is made, one or more of the restricted publicity conditions is met, but
 - (b) — at any time when the designation has effect, it becomes the case that none of the restricted publicity conditions is met.
- (9) — The Treasury must —
- (a) — take such steps as are reasonably practicable to inform the designated person that none of the restricted publicity conditions is now met, and
 - (b) — take steps to publicise generally the designation and the statement of reasons relating to it.

Requirement to publish a list of designated persons

8 (1) Subject to paragraph (2), the Treasury must —

- (a) publish a list of designated persons; and**
- (b) keep the list up to date.**

(2) Where, in accordance with regulation 8 (notification and publicity where designation power used) (as it has effect in the United Kingdom) Her Majesty’s Treasury is not required to publicise generally a designation, variation or revocation, the Treasury must not include in the list under paragraph (1) any details of that designation, variation or revocation.

(3) The Treasury may publish the list under paragraph (1) in any form the Treasury considers appropriate, including by means of a website.

(4) For the purposes of this regulation, "designated person" means any person for the time being designated by Her Majesty's Treasury under regulation 5 of the Counter-Terrorism (Sanctions) (EU Exit) Regulations 2019 (of Parliament).

Confidential information in certain cases where designation power used

~~9. (1) Where the Treasury in accordance with regulation 8(6)(b) inform only certain persons of a designation, variation or revocation and (in the case of a designation) of the contents of the statement of reasons, the Treasury may specify that any of that information is to be treated as confidential.~~

~~(2) A person ("P") who—~~

- ~~(a) is provided with information that is to be treated as confidential in accordance with paragraph (1) **which Her Majesty's Treasury has specified is to be treated as confidential under regulation 9(1) of the Counter-Terrorism (Sanctions) (EU Exit) Regulations 2019 (of Parliament),** or~~

~~(b) obtains such information,~~

~~must not, subject to paragraph (3), disclose it if P knows, or has reasonable cause to suspect, that the information is to be treated as confidential.~~

~~(3) The prohibition in paragraph (2) does not apply to any disclosure made by P with lawful authority.~~

~~(4) For this purpose information is disclosed with lawful authority only if and to the extent that—~~

- ~~(a) the disclosure is by, or is authorised by, the Treasury,~~
~~(b) the disclosure is by or with the consent of the person who is or was the subject of the designation,~~
~~(c) the disclosure is necessary to give effect to a requirement imposed under or by virtue of these Regulations or any other enactment **Manx legislation (within the meaning of section 9 of the Interpretation Act 2015 (of Tynwald)**⁴², or~~
~~(d) the disclosure is required, under rules of court, tribunal rules or a court or tribunal order, for the purposes of legal proceedings of any description.~~

~~(5) This regulation does not prevent the disclosure of information that is already, or has previously been, available to the public from other sources.~~

~~(6) A person who contravenes the prohibition in paragraph (2) commits an offence.~~

~~(7) The High Court (in Scotland, the Court of Session) may, on the application of—~~

~~(a) the person who is the subject of the information, or~~

~~(b) the Treasury,~~

~~grant an injunction (in Scotland, an interdict) to prevent a breach of the prohibition in paragraph (2).~~

~~(8) In paragraph (4)(c), "enactment" has the meaning given by section 54(6) of the Act.~~

PART 3

Finance

Meaning of "designated person" in Part 3

10. In this Part, a "designated person" means a person who is designated under regulation 5 for the purposes of regulations 11 to 15 (asset freeze etc.).

Meaning of “designated person” in Part 3

10 In this Part a “designated person” means a person who is designated by Her Majesty’s Treasury from time to time under regulation 5 of the Counter-Terrorism (Sanctions) (EU Exit) Regulations 2019 (of Parliament)⁴³ for the purposes of regulations 11 to 15 of those Regulations.

Note:

Under provisions of the Sanctions and Anti-Money Laundering Act 2018 (of Parliament)⁴⁴, a person’s designation may be varied or revoked. Any such variation or revocation would have effect in the Isle of Man.

Asset-freeze in relation to designated persons

11. (1) A person (“P”) must not deal with funds or economic resources owned, held or controlled by a designated person if P knows, or has reasonable cause to suspect, that P is dealing with such funds or economic resources.
- (2) Paragraph (1) is subject to Part 4 (Exceptions and licences).
- (3) A person who contravenes the prohibition in paragraph (1) commits an offence.
- (4) For the purposes of paragraph (1), a person “deals with” funds if the person—
- (a) uses, alters, moves, transfers or allows access to the funds,
 - (b) deals with the funds in any other way that would result in any change in volume, amount, location, ownership, possession, character or destination, or
 - (c) makes any other change, including portfolio management, that would enable use of the funds.
- (5) For the purposes of paragraph (1), a person “deals with” economic resources if the person—
- (a) exchanges the economic resources for funds, goods or services, or
 - (b) uses the economic resources in exchange for funds, goods or services (whether by pledging them as security or otherwise).
- (6) The reference in paragraph (1) to funds or economic resources that are “owned, held or controlled” by a person includes, in particular, a reference to—
- (a) funds or economic resources in which the person has any legal or equitable interest, regardless of whether the interest is held jointly with any other person and regardless of whether any other person holds an interest in the funds or economic resources;
 - (b) any tangible property (other than real property), or bearer security, that is comprised in funds or economic resources and is in the possession of the person.
- (7) For the purposes of paragraph (1), funds or economic resources are to be treated as owned, held or controlled by a designated person if they are owned, held or controlled by a person who is owned or controlled directly or indirectly (within the meaning of regulation 7) by the designated person.
- (8) For the avoidance of doubt, the reference in paragraph (1) to a designated person includes P if P is a designated person.

Making funds or financial services available to designated person

12. (1) A person (“P”) must not make funds or financial services available directly or indirectly to a designated person if P knows, or has reasonable cause to suspect, that P is making the funds or financial services so available.
- (2) Paragraph (1) is subject to Part 4 (Exceptions and licences).
- (3) A person who contravenes the prohibition in paragraph (1) commits an offence.
- (4) The reference in paragraph (1) to making funds or financial services available indirectly to a designated person includes, in particular, a reference to making them available to a person who is owned or controlled directly or indirectly (within the meaning of regulation 7) by the designated person.

Making funds or financial services available for benefit of designated person

⁴³ SI 2019/577.

⁴⁴ 2018 Chapter 13.

13. (1) A person ("P") must not make funds or financial services available to any person for the benefit of a designated person if P knows, or has reasonable cause to suspect, that P is making the funds or financial services so available.
- (2) Paragraph (1) is subject to Part 4 (Exceptions and licences).
- (3) A person who contravenes the prohibition in paragraph (1) commits an offence.
- (4) For the purposes of this regulation—
- (a) funds are made available for the benefit of a designated person only if that person thereby obtains, or is able to obtain, a significant financial benefit, and
 - (b) "financial benefit" includes the discharge (or partial discharge) of a financial obligation for which the designated person is wholly or partly responsible.

Making economic resources available to designated person

14. (1) A person ("P") must not make economic resources available directly or indirectly to a designated person if P knows, or has reasonable cause to suspect—
- (a) that P is making the economic resources so available, and
 - (b) that the designated person would be likely to exchange the economic resources for, or use them in exchange for, funds, goods or services.
- (2) Paragraph (1) is subject to Part 4 (Exceptions and licences).
- (3) A person who contravenes the prohibition in paragraph (1) commits an offence.
- (4) The reference in paragraph (1) to making economic resources available indirectly to a designated person includes, in particular, a reference to making them available to a person who is owned or controlled directly or indirectly (within the meaning of regulation 7) by the designated person.

Making economic resources available for benefit of designated person

15. (1) A person ("P") must not make economic resources available to any person for the benefit of a designated person if P knows, or has reasonable cause to suspect, that P is making the economic resources so available.
- (2) Paragraph (1) is subject to Part 4 (Exceptions and licences).
- (3) A person who contravenes the prohibition in paragraph (1) commits an offence.
- (4) For the purposes of paragraph (1)—
- (a) economic resources are made available for the benefit of a designated person only if that person thereby obtains, or is able to obtain, a significant financial benefit, and
 - (b) "financial benefit" includes the discharge (or partial discharge) of a financial obligation for which the designated person is wholly or partly responsible.

Circumventing etc. prohibitions

16. (1) A person must not intentionally participate in activities knowing that the object or effect of them is, whether directly or indirectly—
- (a) to circumvent any of the prohibitions in regulations 11 to 15, or
 - (b) to enable or facilitate the contravention of any such prohibition.
- (2) A person who contravenes the prohibition in paragraph (1) commits an offence.

PART 4

Exceptions and licences

Finance: exceptions from prohibitions

17. (1) The prohibition in regulation 11 (asset-freeze in relation to designated persons) is not contravened by an independent person ("P") transferring to another person a legal or equitable interest in funds or economic resources where, immediately before the transfer, the interest—
- (a) is held by P, and
 - (b) is not held jointly with the designated person.
- (2) In paragraph (1) "independent person" means a person who—
- (a) is not the designated person, and
 - (b) is not owned or controlled directly or indirectly (within the meaning of regulation 7) by the designated person.

- (3) The prohibitions in regulations 11 to 13 (asset-freeze in relation to, and making funds available to or for the benefit of, designated persons) are not contravened by a relevant institution crediting a frozen account with interest or other earnings due on the account.
- (4) The prohibitions in regulations 12 and 13 (making funds available to, or for the benefit of, designated persons) are not contravened by a relevant institution crediting a frozen account where it receives funds transferred to that institution for crediting to that account.
- (5) The prohibitions in regulations 12 and 13 are not contravened by the transfer of funds to a relevant institution for crediting to an account held or controlled (directly or indirectly) by a designated person, where those funds are transferred in discharge (or partial discharge) of an obligation which arose before the date on which the person became a designated person.
- ~~(6) The prohibitions in regulations 11 to 13 are not contravened in relation to a designated person ("P") by a transfer of funds from account A to account B, where—~~
- ~~(a) account A is with a relevant institution which carries on an excluded activity within the meaning of section 142D of the Financial Services and Markets Act 2000;~~
 - ~~(b) account B is with a ring-fenced body within the meaning of section 142A of the Financial Services and Markets Act 2000, and~~
 - ~~(c) accounts A and B are held or controlled (directly or indirectly) by P.~~
- (7) The prohibition in regulation 13 is not contravened by the making of a payment which—
- (a) is a benefit under or by virtue of an enactment relating to social security (irrespective of the name or nature of the benefit), and
 - (b) is made to a person who is not a designated person,
- whether or not the payment is made in respect of a designated person.
- (8) In this regulation—
- "designated person" has the same meaning as it has in Part 3 (Finance);
- "frozen account" means an account with a relevant institution which is held or controlled (directly or indirectly) by a designated person;
- ~~"relevant institution" means a person that has permission under Part 4A of the Financial Services and Markets Act 2000 (permission to carry on regulated activity).~~
- "relevant institution" means —**
- (a) a person who is licensed under the Financial Services Act 2008 (of Tynwald)⁴⁵ to carry on a regulated activity within the meaning of section 3 of that Act;**
 - (b) a person who is authorised or registered under the Insurance Act 2008 (of Tynwald)⁴⁶ or who holds a permit under that Act;**
 - (c) a person who is registered under the Moneylenders Act 1991 (of Tynwald)⁴⁷ to carry on the business of lending money;**
 - (d) a person who is acting as a trustee or an administrator of a retirement benefits scheme within the meaning of the Retirement Benefits Schemes Act 2008 (of Tynwald)⁴⁸.**
- ~~(9) The definition of "relevant institution" in paragraph (8) is to be read with section 22 of the Financial Services and Markets Act 2000, any relevant order under that section and Schedule 2 to that Act.~~
- Finance: exception for authorised conduct in a relevant country**
- 17A. (1) ~~Where a person's conduct in a relevant country would, in the absence of this regulation, contravene a prohibition in any of regulations 11 to 15 (asset freeze etc.) ("the relevant prohibition"), the relevant prohibition is not contravened if the conduct is authorised by a licence or other authorisation which is issued—~~
- ~~(a) under the law of the relevant country, and~~

⁴⁵ AT 8 of 2008.

⁴⁶ AT 16 of 2008.

⁴⁷ AT 6 of 1991.

⁴⁸ AT 14 of 2008.

- (b) — for the purpose of disapplying a prohibition in that jurisdiction which corresponds to the relevant prohibition.
- (2) — In this regulation —
“relevant country” means —
 - (a) — any of the Channel Islands;
 - (b) — the Isle of Man, or
 - (c) — any British overseas territory.
- (3) — Nothing in this regulation affects the application of a prohibition in a case where it would be incompatible with a UN obligation for the prohibition not to apply.

Exception for authorised conduct outside the Isle of Man

17A. (1) Where a person’s conduct outside the Isle of Man would, in the absence of this paragraph, contravene a prohibition in any of regulations 11 to 15 (asset-freeze etc.) (“the relevant prohibition”), the relevant prohibition is not contravened if the conduct is authorised by a licence issued under regulation 19 (Treasury licences), as it has effect in the United Kingdom.

(2) Where a person’s conduct in a relevant country would, in the absence of this paragraph, contravene the relevant prohibition, the relevant prohibition is not contravened if the conduct is authorised by a licence or other authorisation which is issued —

- (a) under the law of the relevant country, and**
- (b) for the purpose of disapplying a prohibition in that jurisdiction which corresponds to the relevant prohibition.**

(3) In this regulation, “relevant country” means —

- (a) any of the Channel Islands;**
- (b) any British overseas territory.**

(4) Nothing in this regulation affects the application of a prohibition in a case where it would be incompatible with a UN obligation for the prohibition not to apply.

Exception for acts done for purposes of national security or prevention of serious crime

~~18. (1) Where an act would, in the absence of this paragraph, be prohibited by the prohibition in regulation 9(2) (confidentiality) or any prohibition in Part 3 (Finance), that prohibition does not apply to the act if the act is one which a responsible officer has determined would be in the interests of—~~

- ~~(a) national security, or~~
- ~~(b) the prevention or detection of serious crime in the United Kingdom or elsewhere.~~

~~(2) Where, in the absence of this paragraph, a thing would be required to be done under or by virtue of a provision of Part 5 (Information), that requirement does not apply if a responsible officer has determined that not doing the thing in question would be in the interests of—~~

- ~~(a) national security, or~~
- ~~(b) the prevention or detection of serious crime in the United Kingdom or elsewhere.~~

~~(3) In this regulation, “responsible officer” means a person in the service of the Crown or holding office under the Crown, acting in the course of that person’s duty.~~

~~(4) Nothing in this regulation affects the application of a prohibition or requirement in a case where it would be incompatible with a UN obligation for the prohibition or requirement not to apply.~~

Exception for acts done for purposes of national security or prevention of serious crime

19 (1) Where an act would, in the absence of this paragraph, be prohibited by regulation 9(2) (confidentiality) or any prohibition in Part 3 (Finance), that prohibition does not apply to the act if the act is one which —

- (a) a UK responsible officer has determined would be in the interests of national security or the prevention or detection of serious crime in the United Kingdom or elsewhere; or**
- (b) an Island responsible officer has determined would be in the interests of the prevention or detection of serious crime in the Isle of Man or elsewhere.**

(2) Where, in the absence of this paragraph, a thing would be required to be done under or by virtue of a provision of Part 5 (Information), that requirement does not apply if —

- (a) a UK responsible officer has determined that not doing the thing in question would be in the interests of national security or the prevention or detection of serious crime in the United Kingdom or elsewhere; or**
- (b) an Island responsible officer has determined that not doing the thing in question would be in the interests of the prevention or detection of serious crime in the Isle of Man or elsewhere.**

(3) In this regulation —

“Island responsible officer” means a person —

- (a) in the service of the Crown or holding office under the Crown in the Isle of Man;**
- (b) appointed by the Public Services Commission; or**
- (c) appointed as a constable by the Department of Home Affairs,**

acting in the course of that person’s duty;

“UK responsible officer” means a person in the service of the Crown or holding office under the Crown in the United Kingdom, acting in the course of that person’s duty.

(4) Nothing in this regulation affects the application of a prohibition or requirement in a case where it would be incompatible with a UN obligation for the prohibition or requirement not to apply.

Treasury licences

19. (1) The prohibitions in regulations 11 to 15 (asset-freeze etc.) do not apply to anything done under the authority of a licence issued by the Treasury under this paragraph.

(2) A licence under paragraph (1)—

- (a) must specify the acts authorised by it;
- (b) may be general or may authorise acts by a particular person or persons of a particular description;
- (c) may—
 - (i) contain conditions;
 - (ii) be of indefinite duration or a defined duration.

~~(3) Where the Treasury issue a licence under paragraph (1) the Treasury may vary, revoke or suspend it at any time.~~

~~(4) Where the Treasury issue, vary, revoke or suspend a licence under paragraph (1) which authorises acts by a particular person the Treasury must give written notice to that person of the issue, variation, revocation or suspension of the licence.~~

~~(5) — Where the Treasury issue, vary, revoke or suspend a general licence or a licence which authorises acts by persons of a particular description under paragraph (1) the Treasury must take such steps as considered appropriate to publicise the issue, variation, revocation or suspension of the licence.~~

(3) The Treasury may vary, revoke or suspend a licence at any time.

(4) If the Treasury issues, varies, revokes or suspends a licence which authorises acts by a particular person, the Treasury must give written notice to that person of the issue, variation, revocation or suspension of the licence.

(5) If the Treasury issues, varies, revokes or suspends a general licence or a licence which authorises acts by persons of a particular description, the Treasury must take such steps as it considers appropriate to publicise the issue, variation, revocation or suspension of the licence.

Finance: licensing offences

20. (1) A person ("P") commits an offence if P knowingly or recklessly—
- (a) provides information that is false in a material respect, or
 - (b) provides or produces a document that is not what it purports to be,
- for the purpose of obtaining a Treasury licence (whether for P or anyone else).
- (2) A person who purports to act under the authority of a Treasury licence but who fails to comply with any condition of the licence commits an offence.

PART 5 Information

Finance: reporting obligations

21. (1) A relevant firm must inform the Treasury as soon as practicable if—
- (a) it knows, or has reasonable cause to suspect, that a person—
 - (i) is a designated person, or
 - (ii) has committed an offence under any provision of Part 3 (Finance) or regulation 20 (finance: licensing offences), and
 - (b) the information or other matter on which the knowledge or cause for suspicion is based came to it in the course of carrying on its business.
- (2) Where a relevant firm informs the Treasury under paragraph (1), it must state—
- (a) the information or other matter on which the knowledge or suspicion is based, and
 - (b) any information it holds about the person by which the person can be identified.
- (3) Paragraph (4) applies if—
- (a) a relevant firm informs the Treasury under paragraph (1) that it knows, or has reasonable cause to suspect, that a person is a designated person, and
 - (b) that person is a customer of the relevant firm.
- (4) The relevant firm 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.
- (5) A relevant institution must inform the Treasury without delay if that institution—
- (a) credits a frozen account in accordance with regulation 17(4) (finance: exceptions from prohibitions), ~~or~~
 - ~~(b) transfers funds from a frozen account in accordance with regulation 17(6).~~
- (6) A person who fails to comply with a requirement in paragraph (1), (2) or (4) commits an offence.
- (7) In this regulation—
- "designated person" has the same meaning as it has in Part 3 (Finance);
 - "frozen account" has the same meaning as it has in regulation 17;
 - "relevant firm" is to be read in accordance with regulation 22;
- "relevant firm" means —**

- (a) a business in the regulated sector within the meaning of Schedule 4 to the Proceeds of**

Crime Act 2008 (of Tynwald)⁴⁹ (see in particular paragraph 2 of that Schedule);

- (b) a person engaged in the business of making, supplying, selling (including selling by auction) or exchanging articles made from gold, silver, platinum, palladium, precious stones or pearls;**

"relevant institution" has the same meaning as it has in regulation 17.

(8) For the purposes of paragraph (a) of the definition of "relevant firm" in paragraph (7), the definition of "estate agent" in Schedule 4 to the Proceeds of Crime Act 2008 (of Tynwald) is to be read as if references to the sale or proposed sale of land in section 15 of the Estate Agents Act 1975 (of Tynwald)⁵⁰ included references to the sale or proposed sale of land outside the Isle of Man.

"Relevant firm"

22. (1) The following are relevant firms for the purposes of regulation 21—
- (a) a person that has permission under Part 4A of the Financial Services and Markets Act 2000 (permission to carry on regulated activity);
 - (b) an undertaking that by way of business—
 - (i) operates a currency exchange office;
 - (ii) transmits money (or any representation of monetary value) by any means, or
 - (iii) cashes cheques that are made payable to customers;
 - (c) a firm or sole practitioner that is—
 - (i) a statutory auditor within the meaning of Part 42 of the Companies Act 2006 (statutory auditors), or
 - (ii) a local auditor within the meaning of section 4(1) of the Local Audit and Accountability Act 2014 (general requirements for audit);
 - (d) a firm or sole practitioner that provides to other persons, by way of business—
 - (i) accountancy services;
 - (ii) legal or notarial services;
 - (iii) advice about tax affairs, or
 - (iv) trust or company services within the meaning of paragraph (2);
 - (e) a firm or sole practitioner that carries out, or whose employees carry out, estate agency work;
 - (f) the holder of a casino operating licence within the meaning given by section 65(2)(a) of the Gambling Act 2005 (nature of a licence);
 - (g) a person engaged in the business of making, supplying, selling (including selling by auction) or exchanging—
 - (i) articles made from gold, silver, platinum or palladium, or
 - (ii) precious stones or pearls.
- (2) In paragraph (1), "trust or company services" means any of the following services—
- (a) forming companies or other legal persons;
 - (b) acting, or arranging for another person to act—
 - (i) as a director or secretary of a company;
 - (ii) as a partner of a partnership, or
 - (iii) in a similar capacity in relation to other legal persons;
 - (c) providing a registered office, business address, correspondence or administrative address or other related services for a company, partnership or any other legal person or arrangement;
 - (d) acting, or arranging for another person to act, as—
 - (i) a trustee of an express trust or similar legal arrangement, or

⁴⁹ AT 13 of 2008.

⁵⁰ AT 6 of 1975.

(ii) a nominee shareholder for a person.

(3) In paragraph (1) —

“estate agency work” is to be read in accordance with section 1 of the Estate Agents Act 1979, but as if references in that section to disposing of or acquiring an interest in land included (despite anything in section 2 of that Act) references to disposing of or acquiring an estate or interest in land outside the United Kingdom where that estate or interest is capable of being owned or held as a separate interest;

“firm” means any entity that, whether or not a legal person, is not an individual, and includes a body corporate and a partnership or other unincorporated body.

(4) Paragraph (1)(a) and (b) is to be read with section 22 of the Financial Services and Markets Act 2000, any relevant order under that section and Schedule 2 to that Act.

(5) For the purposes of regulation 21(1), information or another matter comes to a relevant firm “in the course of carrying on its business” if the information or other matter comes to the firm —

(a) in the case of a relevant firm within paragraph (1)(a), in the course of carrying on an activity in respect of which the permission mentioned in that provision is required;

(b) in the case of a relevant firm within paragraph (1)(c)(i), in the course of carrying out statutory audit work within the meaning of section 1210 of the Companies Act 2006 (meaning of “statutory auditor”);

(c) in the case of a relevant firm within paragraph (1)(c)(ii), in the course of carrying out an audit required by the Local Audit and Accountability Act 2014;

(d) in the case of a relevant firm within paragraph (1)(f), in the course of carrying on an activity in respect of which the licence mentioned in that provision is required;

(e) in the case of a relevant firm within any other provision of paragraph (1), in the course of carrying on an activity mentioned in that provision.

Finance: powers to request information

23. (1) The Treasury may request a designated person to provide information about—

(a) funds or economic resources owned, held or controlled by or on behalf of the designated person, or

(b) any disposal of such funds or economic resources.

(2) The Treasury may request a designated person to provide such information as the Treasury may reasonably require about expenditure—

(a) by the designated person, or

(b) for the benefit of the designated person.

(3) For the purposes of paragraph (2), expenditure for the benefit of a designated person includes expenditure on the discharge (or partial discharge) of a financial obligation for which the designated person is wholly or partly responsible.

(4) The power in paragraph (1) or (2) is exercisable only where ~~the Treasury believe~~ **the Treasury believes** that it is necessary for the purpose of monitoring compliance with or detecting evasion of any provision of Part 3 (Finance).

(5) The Treasury may request a person acting under a Treasury licence to provide information about—

(a) funds or economic resources dealt with under the licence, or

(b) funds, economic resources or financial services made available under the licence.

(6) The Treasury may request a person to provide information within paragraph (7) if ~~the Treasury believe~~ **the Treasury believes** that the person may be able to provide the information.

(7) Information within this paragraph is such information as the Treasury may reasonably require for the purpose of—

(a) establishing for the purposes of any provision of Part 3 (Finance)—

- (i) the nature and amount or quantity of any funds or economic resources owned, held or controlled by or on behalf of a designated person,
- (ii) the nature and amount or quantity of any funds, economic resources or financial services made available directly or indirectly to, or for the benefit of, a designated person, or
- (iii) the nature of any financial transactions entered into by a designated person;
- (b) monitoring compliance with or detecting evasion of—
 - (i) any provision of Part 3 (Finance),
 - (ii) regulation 21 (finance: reporting obligations), or
 - (iii) any condition of a Treasury licence;
- (c) detecting or obtaining evidence of the commission of an offence under Part 3 or regulation 20 (finance: licensing offences) or 21 (finance: reporting obligations).

(8) The Treasury may specify the way in which, and the period within which, information is to be provided.

(9) If no such period is specified, the information which has been requested must be provided within a reasonable time.

(10) A request may include a continuing obligation to keep the Treasury informed as circumstances change, or on such regular basis as the Treasury may specify.

(11) Information requested under this regulation may relate to any period of time during which a person is, or was, a designated person.

(12) Information requested by virtue of paragraph (1)(b), (2) or (7)(a)(iii) may relate to any period before a person became a designated person (as well as, or instead of, any subsequent period).

(13) Expressions used in this regulation have the same meaning as they have in Part 3.

Finance: production of documents

24. (1) A request under regulation 23 may include a request to produce specified documents or documents of a specified description.

(2) Where ~~the Treasury request~~ **the Treasury requests** that documents be produced, the Treasury may—

- (a) take copies of or extracts from any document so produced,
- (b) request any person producing a document to give an explanation of it, and
- (c) where that person is a body corporate, partnership or unincorporated body other than a partnership, request any person who is—
 - (i) in the case of a partnership, a present or past partner or employee of the partnership, or
 - (ii) in any other case, a present or past officer or employee of the body concerned,

to give such an explanation.

(3) Where ~~the Treasury request~~ **the Treasury requests** a designated person or a person acting under a Treasury licence to produce documents, that person must—

- (a) take reasonable steps to obtain the documents (if they are not already in the person's possession or control);
- (b) keep the documents under the person's possession or control (except for the purpose of providing them to the Treasury or as the Treasury may otherwise permit).

(4) In this regulation, "designated person" has the same meaning as it has in Part 3 (Finance).

Finance: information offences

25. (1) A person commits an offence, if that person—

- (a) without reasonable excuse, refuses or fails within the time and in the manner specified (or, if no time has been specified, within a reasonable time) to comply with any request under regulation 23 (finance: powers to request information);

- (b) knowingly or recklessly gives any information, or produces any document, which is false in a material particular in response to such a request;
- (c) with intent to evade any provision of regulation 23 (finance: powers to request information) or 24 (finance: production of documents), destroys, mutilates, defaces, conceals or removes any document;
- (d) otherwise intentionally obstructs the Treasury in the exercise of ~~their~~ **its** powers under regulation 23 (finance: powers to request information) or 24 (finance: production of documents).

(2) Where a person is convicted of an offence under this regulation, the court may make an order requiring that person, within such period as may be specified in the order, to comply with the request.

Disclosure of information

26. (1) The Treasury may in accordance with this regulation, disclose—

- (a) any information obtained under or by virtue of Part 4 (Exceptions and licences) or this Part, or
- (b) any information held in connection with—
 - (i) anything done under or by virtue of Part 2 (Designation of persons) or Part 3 (Finance), or
 - (ii) any exception or licence under Part 4 or anything done in accordance with such an exception or under the authority of such a licence.

(2) Information referred to in paragraph (1) may be disclosed for, or in connection with, any of the following purposes—

- (a) the exercise of functions under these Regulations;
- (b) any purpose stated in regulation 4;
- (c) facilitating, monitoring or ensuring compliance with these Regulations;
- (ca) taking any action with a view to instituting, or otherwise for the purposes of, any proceedings in the Isle of Man for an offence under any provisions of these Regulations;**
- (d) taking any action with a view to instituting, or otherwise for the purposes of, any proceedings in the United Kingdom —
 - (i) for an offence under any provision of these Regulations (**as they have effect in the United Kingdom**), or
 - (ii) in relation to a monetary penalty under section 146 of the Policing and Crime Act 2017 (breach of financial sanctions legislation);
- (e) taking any action with a view to instituting, or otherwise for the purposes of, any proceedings in any of the Channel Islands, ~~the Isle of Man~~, or any British overseas territory, for an offence under a provision in any such jurisdiction that is similar to a provision of these Regulations;
- (f) compliance with an international obligation;
- (g) facilitating the exercise by an authority outside the ~~United Kingdom~~ **Isle of Man** or by an international organisation of functions which correspond to functions under these Regulations.

~~(3) Information referred to in paragraph (1) may be disclosed to the following persons—~~

- ~~(a) a police officer;~~
- ~~(b) any person holding or acting in any office under or in the service of—~~
 - ~~(i) the Crown in right of the Government of the United Kingdom;~~
 - ~~(ii) the Crown in right of the Scottish Government, the Northern Ireland Executive or the Welsh Government;~~
 - ~~(iii) the States of Jersey, Guernsey or Alderney or the Chief Pleas of Sark;~~
 - ~~(iv) the Government of the Isle of Man, or~~
 - ~~(v) the Government of any British overseas territory;~~

- ~~(c) any law officer of the Crown for Jersey, Guernsey or the Isle of Man;~~
- ~~(d) the Scottish Legal Aid Board;~~
- ~~(e) the Financial Conduct Authority, the Prudential Regulation Authority, the Bank of England, the Jersey Financial Services Commission, the Guernsey Financial Services Commission or the Isle of Man Financial Services Authority;~~
- ~~(f) any other regulatory body (whether or not in the United Kingdom);~~
- ~~(g) any organ of the United Nations;~~
- ~~(h) the Council of the European Union, the European Commission or the External European Action Service;~~
- ~~(i) the Government of any country;~~
- ~~(j) any other person where the Treasury consider that it is appropriate to disclose the information.~~

(3) Information referred to in paragraph (1) may be disclosed to the following persons —

- (a) a police officer;**
- (b) any person holding or acting in any office under or in the service of —**
 - (i) the Government of the Isle of Man;**
 - (ii) the Crown in right of the Government of the United Kingdom;**
 - (iii) the Crown in right of the Scottish Government, the Northern Ireland Executive or the Welsh Government;**
 - (iv) the States of Jersey, Guernsey or Alderney or the Chief Pleas of Sark; or**
 - (v) the Government of any British overseas territory;**
- (c) any law officer of the Crown in any of the British Islands;**
- (d) the Legal Aid Agency in England and Wales, the Scottish Legal Aid Board or the Legal Services Agency Northern Ireland;**
- (e) the Isle of Man Financial Services Authority and any body of any other part of the British Islands exercising an equivalent function;**
- (f) any other regulatory body (whether or not in the Isle of Man);**
- (g) any organ of the United Nations;**
- (h) any person in the service of the United Nations, the Council of the European Union, the European Commission or the European External Action Service;**
- (i) the Government of any country;**
- (j) any other person where the Treasury considers that it is appropriate to disclose the information.**

(4) Information referred to in paragraph (1) may be disclosed to any person with the consent of a person who, in their own right, is entitled to the information.

(5) In paragraph (4), "in their own right" means not merely in the capacity as a servant or agent of another person.

(6) In paragraph (1)(b)—

- (a) references to information include information obtained at a time when any provision of these Regulations is not in force, and
- (b) references to a licence under Part 4 include—
 - (i) a licence which had been issued under that Part, and
 - (ii) a licence which is deemed to have been issued under that Part.

Part 5: supplementary

27. (1) A disclosure of information under regulation 26 does not breach any restriction on such disclosure imposed by statute or otherwise.

(2) ~~But nothing in that regulation authorises a disclosure that—~~

- ~~(a) contravenes the data protection legislation, or~~

~~(b) is prohibited by any of Parts 1 to 7 or Chapter 1 of Part 9 of the Investigatory Powers Act 2016.~~

(2) But nothing in that regulation authorises a disclosure —

(a) that contravenes the data protection legislation;

(b) of intercepted material that is not otherwise permitted under the safeguards arrangements relating to a warrant issued under the Interception of Communications Act 1988 (of Tynwald)⁵¹.

(3) Nothing in this Part is to be read as requiring a person who has acted or is acting as ~~counsel or solicitor~~ **an advocate or lawyer** for any person to disclose any privileged information in their possession in that capacity.

(4) Regulation 26 does not limit the circumstances in which information may be disclosed apart from that regulation.

(5) Nothing in this Part limits any conditions which may be contained in a Treasury licence.

(6) In this regulation—

~~“the data protection legislation” has the same meaning as in the Data Protection Act 2018 (see section 3 of that Act);~~

“the data protection legislation” has the meaning given in regulation 5(1) of the GDPR and LED Implementing Regulations 2018 (of Tynwald)⁵²;

~~“privileged information” means information with respect to which a claim to legal professional privilege (in Scotland, to confidentiality of communications) could be maintained in legal proceedings.~~

⁵¹ AT 18 of 1988.

⁵² SD 2018/0145.

PART 6 Enforcement

Penalties for offences

28. (1) A person who commits an offence under any provision of Part 3 (Finance) or regulation 20 (finance: licensing offences), is liable—

- (a) on summary conviction in England and Wales, to imprisonment for a term not exceeding 12 months or a fine (or both);
- (b) on summary conviction in Scotland, to imprisonment for a term not exceeding 12 months or a fine not exceeding the statutory maximum (or both);
- (c) on summary conviction in Northern Ireland, to imprisonment for a term not exceeding 6 months or a fine not exceeding the statutory maximum (or both);
- (d) on conviction on indictment, to imprisonment for a term not exceeding 7 years or a fine (or both).

(2) A person who commits an offence under regulation 9(6) (confidentiality) is liable—

- (a) on summary conviction in England and Wales, to imprisonment for a term not exceeding 12 months or a fine (or both);
- (b) on summary conviction in Scotland, to imprisonment for a term not exceeding 12 months or a fine not exceeding the statutory maximum (or both);
- (c) on summary conviction in Northern Ireland, to imprisonment for a term not exceeding 6 months or a fine not exceeding the statutory maximum (or both);
- (d) on conviction on indictment, to imprisonment for a term not exceeding 2 years or a fine (or both).

(3) A person who commits an offence under regulation 21(6) or 25 (information offences in connection with Part 3) is liable—

- (a) on summary conviction in England and Wales, to imprisonment for a term not exceeding 6 months or a fine (or both);
- (b) on summary conviction in Scotland, to imprisonment for a term not exceeding 6 months or a fine not exceeding level 5 on the standard scale (or both);
- (c) on summary conviction in Northern Ireland, to imprisonment for a term not exceeding 6 months or a fine not exceeding level 5 on the standard scale (or both).

(4) In relation to an offence committed before section 154(1) of the Criminal Justice Act 2003 comes into force the reference in each of paragraphs (1)(a) and (2)(a) to 12 months is to be read as a reference to 6 months.

Penalties for offences

28 (1) A person guilty of an offence under any provision of Part 3 (finance) or regulation 20 (finance: licensing offences), is liable —

- (a) on summary conviction, to custody for a term not exceeding 12 months or to a fine not exceeding level 5 on the standard scale, or to both;**
- (b) on conviction on information, to custody for a term not exceeding 7 years or to a fine, or to both.**

(2) A person guilty of an offence under regulation 9(6) (confidentiality), is liable —

- (a) on summary conviction, to custody for a term not exceeding 12 months or to a fine not exceeding level 5 on the standard scale, or to both;**
- (b) on conviction on information, to custody for a term not exceeding 2 years or to a fine, or to both.**

(3) A person guilty of an offence under regulation 21(6) or 25 (information offences in connection with Part 3) is liable on summary conviction, to

custody for a term not exceeding 6 months or to a fine not exceeding level 5 on the standard scale, or to both.

Liability of officers of bodies corporate etc

29. (1) Where an offence under these Regulations, committed by a body corporate—
- (a) is committed with the consent or connivance of any director, manager, secretary or other similar officer of the body corporate, or any person who was purporting to act in any such capacity, or
 - (b) is attributable to any neglect on the part of any such person,
- that person as well as the body corporate is guilty of the offence and is liable to be proceeded against and punished accordingly.
- (2) In paragraph (1), "director", in relation to a body corporate whose affairs are managed by its members, means a member of the body corporate.
- (3) Paragraph (1) also applies in relation to a body that is not a body corporate, with the substitution for the reference to a director of the body of a reference—
- (a) in the case of a partnership, to a partner;
 - (b) in the case of an unincorporated body other than a partnership—
 - (i) where the body's affairs are managed by its members, to a member of the body;
 - (ii) in any other case, to a member of the governing body.

Jurisdiction to try offences

30. (1) ~~Where an offence under Part 3 (Finance), regulation 9(6) (confidentiality), regulation 20 (finance: licensing offences), regulation 21(6) (finance: reporting obligations) or regulation 25 (information offences in connection with Part 3) is committed in the United Kingdom—~~

- ~~(a) proceedings for the offence may be taken at any place in the United Kingdom, and~~
- ~~(b) the offence may for all incidental purposes be treated as having been committed at any such place.~~

(2) ~~Where an offence under these Regulations is committed outside the United Kingdom~~
Isle of Man—

- (a) proceedings for the offence may be taken at any place in the United Kingdom **Isle of Man**, and
- (b) the offence may for all incidental purposes be treated as having been committed at any such place **in the Isle of Man**.

(3) ~~In the application of paragraph (2) to Scotland, any such proceedings against a person may be taken—~~

- ~~(a) in any sheriff court district in which the person is apprehended or is in custody, or~~
- ~~(b) in such sheriff court district as the Lord Advocate may determine.~~

(4) ~~In paragraph (3), “sheriff court district” is to be read in accordance with the Criminal Procedure (Scotland) Act 1995 (see section 307(1) of that Act).~~

Procedure for offences by unincorporated bodies

31. (1) Paragraphs (2) and (3) apply if it is alleged that an offence under these Regulations has been committed by an unincorporated body (as opposed to by a member of the body).

(2) Proceedings in England and Wales or Northern Ireland **the Isle of Man** for such an offence must be brought against the body in its own name.

(3) ~~For the purposes of proceedings, for such an offence brought against an unincorporated body—~~

- ~~(a) rules of court relating to the service of documents have effect as if the body were a body corporate;~~
- ~~(b) the following provisions apply as they apply in relation to a body corporate—~~
 - ~~(i) section 33 of the Criminal Justice Act 1925 and Schedule 3 to the Magistrates’ Courts Act 1980;~~
 - ~~(ii) section 18 of the Criminal Justice Act (Northern Ireland) 1945 and Article 166 of, and Schedule 4 to, the Magistrates’ Courts (Northern Ireland) Order 1981.~~

(3) For the purposes of proceedings for such an offence brought against an unincorporated body section 32 of the Summary Jurisdiction Act 1989 (of Tynwald)⁵³ and rules of court relating to the service of documents apply.

(4) A fine imposed on an unincorporated body on its conviction of an offence under these Regulations is to be paid out of the funds of the body.

Time limit for proceedings for summary offences

32. (1) Proceedings for an offence under these Regulations which is triable only summarily may be brought within the period of 12 months beginning with the date on which evidence sufficient in the opinion of the prosecutor **Attorney General** to justify the proceedings comes to the prosecutor’s **Attorney General’s** knowledge.

(2) But such proceedings may not be brought by virtue of paragraph (1) more than 3 years after the commission of the offence.

(3) A certificate signed by the prosecutor **Attorney General** as to the date on which the evidence in question came to the prosecutor’s **Attorney General’s** knowledge is conclusive evidence of the date on which it did so; and a certificate to that effect and purporting to be so signed is to be treated as being so signed unless the contrary is proved.

⁵³ AT 15 of 1989.

- (4) — In relation to proceedings in Scotland —
- (a) — section 136(3) of the Criminal Procedure (Scotland) Act 1995 (date of commencement of summary proceedings) applies for the purposes of this regulation as it applies for the purposes of that section, and
 - (b) — references in this regulation to the prosecutor are to be treated as references to the Lord Advocate.

(5) In this regulation, “Attorney General” has the meaning given in the Interpretation Act 2015 (of Tynwald)⁵⁴.

~~Application of Chapter 1 of Part 2 of Serious Organised Crime and Police Act 2005~~

~~33. Chapter 1 of Part 2 of the Serious Organised Crime and Police Act 2005 (investigatory powers) applies to any offence under Part 3 (Finance) and regulation 20 (finance: licensing offences).~~

PART 7

Supplementary and final provision

Notices

34. (1) This regulation applies in relation to a notice required by regulation 19 (treasury licences) to be given to a person.
- (2) The notice may be given to an individual—
- (a) by delivering it to the individual,
 - (b) by sending it to the individual by post addressed to the individual at his or her usual or last-known place of residence or business, or
 - (c) by leaving it for the individual at that place.
- (3) The notice may be given to a person other than an individual—
- (a) by sending it by post to the proper officer of the body at its principal office, or
 - (b) by addressing it to the proper officer of the body and leaving it at that office.
- (4) The notice may be given to the person by other means, including by electronic means, with the person’s consent.
- (5) In this regulation, the reference in paragraph (3) to a “principal office”—
- (a) in relation to a registered company, is to be read as a reference to the company’s registered office;
 - (b) in relation to a body incorporated or constituted under the law of a country other than the United Kingdom **Isle of Man**, includes a reference to the body’s principal office in the United Kingdom **Isle of Man** (if any).
- (6) In this regulation—
- “proper officer”—
 - (a) in relation to a body other than a partnership, means the secretary or other executive officer charged with the conduct of the body’s general affairs; and
 - (b) in relation to a partnership, means a partner or a person who has the control or management of the partnership business;
- “registered company” means a company registered under the enactments relating to companies for the time being in force in the United Kingdom **in operation in the Isle of Man**.

Protection for acts done for purposes of compliance

34A. (1) A person is not liable to any civil proceedings to which that person would, in the absence of this regulation, have been liable in respect of an act if that act is done in the reasonable belief that the act is in compliance with these Regulations.

(2) In this regulation, “act” includes an omission.

Transitional provision: Treasury licences

35. (1) Paragraphs (2) to (4) apply to a licence (whether general or granted to a category of persons or to a particular person) which—

⁵⁴ AT 11 of 2015.

- (a) was granted by the Treasury under ~~section 17 of the Terrorist Asset-Freezing etc. Act 2010~~ **section 51 of the Terrorism and Other Crime (Financial Restrictions) Act 2014 (of Tynwald)**⁵⁵ authorising conduct in relation to a person ("P") which would be prohibited under that Act,
- (b) was in effect immediately before the relevant date, and
- (c) authorises conduct which would (on and after the relevant date, and in the absence of paragraphs (2) to (4)) be prohibited under Part 3 (Finance),

and such a licence is referred to in this regulation as "an existing financial sanctions licence".

(2) An existing financial sanctions licence has effect on and after the relevant date as if it had been issued by the Treasury under regulation 19(1) (treasury licences).

(3) Any reference in an existing financial sanctions licence to the ~~Terrorist Asset-Freezing etc. Act 2010~~ **Terrorism and Other Crime (Financial Restrictions) Act 2014 (of Tynwald)** is to be treated on and after the relevant date as a reference to these Regulations.

(4) Any reference in an existing financial sanctions licence to a prohibition in the ~~Terrorist Asset-Freezing etc. Act 2010~~ **Terrorism and Other Crime (Financial Restrictions) Act 2014 (of Tynwald)**, is to be treated on and after the relevant date as a reference to the corresponding prohibition in Part 3 (Finance).

(5) Paragraph (6) applies where—

- (a) an application for a licence, or for the variation of a licence, under the ~~Terrorist Asset-Freezing etc. Act 2010~~ **Terrorism and Other Crime (Financial Restrictions) Act 2014**, was made before the relevant date;
- (b) the application is for the authorisation of conduct which would (on and after the relevant date) be prohibited under Part 3, and
- (c) a decision to grant or refuse the application has not been made before that date.

(6) The application is to be treated as an application for a licence, or for the variation of a licence (as the case may be), under regulation 19(1) (treasury licences).

(7) — In this regulation, "the relevant date" means the date on which P is designated under regulation 5 for the purposes of regulations 11 to 15 (asset freeze etc.);

(7) In this regulation, "the relevant date" means IP completion day.

Transitional provision: prior obligations

36. — Where a person ("P") was designated by the Treasury for the purposes of Part 1 of the ~~Terrorist Asset-Freezing etc. Act 2010~~ immediately before the date on which P is designated under regulation 5 for the purposes of regulations 11 to 15 (asset freeze etc.), the reference in regulation 17(5) (finance: exceptions from prohibitions) to the date on which a person became a designated person is a reference to the date on which the person was designated by the Treasury for the purposes of Part 1 of the ~~Terrorist Asset-Freezing etc. Act 2010~~.

⁵⁵ AT 13 of 2014.

Transitional provision: prior obligations

36 Where a person ("P") was designated by Her Majesty's Treasury for the purposes of Part 1 of the Terrorist Asset-Freezing etc. Act 2010 (of Parliament), as that Part has effect in the Isle of Man by virtue of section 24 of the Terrorism and Other Crime (Financial Restrictions) Act 2014 (of Tynwald)⁵⁶ immediately before the date on which P is designated under regulation 5 of the Counter-Terrorism (Sanctions) (EU) Exit) Regulations 2019 (of Parliament)⁵⁷ for the purposes of regulations 11 to 15 (asset-freeze etc.) of those Regulations, the reference in regulation 17(5) (finance: exceptions from prohibitions) to the date on which a person became a designated person is a reference to the date on which the person was designated by Her Majesty's Treasury for the purposes of Part 1 of the Terrorist Asset-Freezing etc. Act 2010.

*Mike Freer
Craig Whittaker*

14th March 2019

Two of the Lords Commissioners of Her Majesty's Treasury

SCHEDULE

Regulation 7(3)

Rules for interpretation of regulation 7(2)

Application of Schedule

1. (1) The rules set out in the following paragraphs of this Schedule apply for the purpose of interpreting regulation 7(2).
- (2) They also apply for the purpose of interpreting this Schedule.

Joint interests

2. If two or more persons each hold a share or right jointly, each of them is treated as holding that share or right.

Joint arrangements

3. (1) If shares or rights held by a person and shares or rights held by another person are the subject of a joint arrangement between those persons, each of them is treated as holding the combined shares or rights of both of them.
- (2) A "joint arrangement" is an arrangement between the holders of shares or rights that they will exercise all or substantially all the rights conferred by their respective shares or rights jointly in a way that is pre-determined by the arrangement.
- (3) "Arrangement" has the meaning given by paragraph 12.

Calculating shareholdings

4. (1) In relation to a person who has a share capital, a reference to holding "more than 50% of the shares" in that person is to holding shares comprised in the issued share capital of that person of a nominal value exceeding (in aggregate) 50% of that share capital.
- (2) In relation to a person who does not have a share capital—
 - (a) a reference to holding shares in that person is to holding a right or rights to share in the capital or, as the case may be, profits of that person;
 - (b) a reference to holding "more than 50% of the shares" in that person is to holding a right or rights to share in more than 50% of the capital or, as the case may be, profits of that person.

Voting rights

5. (1) A reference to the voting rights in a person is to the rights conferred on shareholders in respect of their shares (or, in the case of a person not having a share capital, on members) to vote at general meetings of the person on all or substantially all matters.
- (2) In relation to a person that does not have general meetings at which matters are decided by the exercise of voting rights—
 - (a) a reference to holding voting rights in the person is to be read as a reference to holding rights in relation to the person that are equivalent to those of a person entitled to exercise voting rights in a company;

⁵⁶ AT 13 of 2014.

⁵⁷ SI 2019/577.

- (b) a reference to holding “more than 50% of the voting rights” in the person is to be read as a reference to holding the right under the constitution of the person to block changes to the overall policy of the person or to the terms of its constitution.

6. In applying regulation 7(2) and this Schedule, the voting rights in a person are to be reduced by any rights held by the person itself.

Rights to appoint or remove members of the board

7. A reference to the right to appoint or remove a majority of the board of directors of a person is to the right to appoint or remove directors holding a majority of the voting rights at meetings of the board on all or substantially all matters.

8. A reference to a board of directors, in the case of a person who does not have such a board, is to be read as a reference to the equivalent management body of that person.

Shares or rights held “indirectly”

9. (1) A person holds a share “indirectly” if the person has a majority stake in another person and that other person—

- (a) holds the share in question, or
- (b) is part of a chain of persons—
 - (i) each of whom (other than the last) has a majority stake in the person immediately below it in the chain, and
 - (ii) the last of whom holds the share.

(2) A person holds a right “indirectly” if the person has a majority stake in another person and that other person—

- (a) holds that right, or
- (b) is part of a chain of persons—
 - (i) each of whom (other than the last) has a majority stake in the person immediately below it in the chain, and
 - (ii) the last of whom holds that right.

(3) For these purposes, a person (“A”) has a “majority stake” in another person (“B”) if—

- (a) A holds a majority of the voting rights in B,
- (b) A is a member of B and has the right to appoint or remove a majority of the board of directors of B,
- (c) A is a member of B and controls alone, pursuant to an agreement with other shareholders or members, a majority of the voting rights in B, or
- (d) A has the right to exercise, or actually exercises, dominant influence or control over B.

(4) In the application of this paragraph to the right to appoint or remove a majority of the board of directors, a person (“A”) is to be treated as having the right to appoint a director if—

- (a) any person’s appointment as director follows necessarily from that person’s appointment as director of A, or
- (b) the directorship is held by A itself.

Shares held by nominees

10. A share held by a person as nominee for another is to be treated as held by the other (and not by the nominee).

Rights treated as held by person who controls their exercise

11. (1) Where a person controls a right, the right is to be treated as held by that person (and not by the person who in fact holds the right, unless that person also controls it).

(2) A person “controls” a right if, by virtue of any arrangement between that person and others, the right is exercisable only—

- (a) by that person,
- (b) in accordance with that person’s directions or instructions, or
- (c) with that person’s consent or concurrence.

12. “Arrangement” includes—

- (a) any scheme, agreement or understanding, whether or not it is legally enforceable, and
- (b) any convention, custom or practice of any kind.

Rights exercisable only in certain circumstances etc.

13. (1) Rights that are exercisable only in certain circumstances are to be taken into account only—

- (a) when the circumstances have arisen, and for so long as they continue to obtain, or
- (b) when the circumstances are within the control of the person having the rights.

~~(2) But rights that are exercisable by an administrator or by creditors while a person is subject to relevant insolvency proceedings are not to be taken into account while the person is subject to those proceedings.~~

~~(3) “Relevant insolvency proceedings” means—~~

- ~~(a) administration within the meaning of the Insolvency Act 1986⁵⁸~~
- ~~(b) administration within the meaning of the Insolvency (Northern Ireland) Order 1989⁵⁹, or~~
- ~~(c) proceedings under the insolvency law of another country during which a person’s assets and affairs are subject to the control or supervision of a third party or creditor.~~

(4) Rights that are normally exercisable but are temporarily incapable of exercise are to continue to be taken into account.

Rights attached to shares held by way of security

14. Rights attached to shares held by way of security provided by a person are to be treated for the purposes of this Schedule as held by that person—

- (a) where apart from the right to exercise them for the purpose of preserving the value of the security, or of realising it, the rights are exercisable only in accordance with that person’s instructions, and
- (b) where the shares are held in connection with the granting of loans as part of normal business activities and apart from the right to exercise them for the purpose of preserving the value of the security, or of realising it, the rights are exercisable only in that person’s interests.

⁵⁸ 1986 c.45.

⁵⁹ S.I. 1989/2405 (N.I. 19).

EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations are made under the Sanctions and Anti-Money Laundering Act 2018 (c.13) ("SAML") to establish a sanctions regime to further the prevention of terrorism in the United Kingdom and elsewhere, to protect the interests of national security in the United Kingdom and to implement the United Kingdom's international obligations under resolution 1373 (2001) adopted by the Security Council of the United Nations on 28 September 2001 ("resolution 1373").

Following the repeal by section 59(1) of SAML of Part 1 of the Terrorist Asset-Freezing etc. Act 2010 ("TFA"), these Regulations will continue to implement the United Kingdom's obligations under resolution 1373.

The Regulations confer a power on the Treasury to designate persons who are, or have been, involved in terrorism. Designated persons will be subject to financial sanctions, including having their funds and economic resources frozen.

The Regulations provide for certain exceptions to this sanctions regime, in particular in relation to financial sanctions (for example to allow for frozen accounts to be credited with interest or other earnings) and also acts done for the purpose of national security or the prevention of serious crime. The Regulations confer powers on the Treasury to issue licences in respect of activities that would otherwise be prohibited under the financial sanctions imposed.

The Regulations make it a criminal offence to contravene, or circumvent, any of the prohibitions in these Regulations and prescribe the mode of trial and penalties that apply to such offences.

The Regulations prescribe powers for the provision and sharing of information to enable the effective implementation and enforcement of the sanctions regime. The Regulations provide transitional provisions for the continuation of applicable exceptions and licences currently relied on under TFA.

An Impact Assessment has not been produced for these Regulations, This instrument is intended to substantially deliver the same policy effects as the existing UK sanctions. An impact assessment was, however, produced for the primary legislation and can be found at <https://publications.parliament.uk/pa/bills/lbill/20172019/0069/sanctions-and-anti-moneylaundering> —

IA.pdf. Copies may be obtained from Her Majesty's Treasury, Sanctions and Illicit Finance Team, International & EU Group, 1 Horse Guards Road, London, SW1A 2HQ.

ENDNOTES

Table of Endnote References

¹ The format of this legislation has been changed as provided for under section 75 of, and paragraph 2 of Schedule 1 to, the Legislation Act 2015. The changes have been approved by the Attorney General after consultation with the Clerk of Tynwald as required by section 76 of the Legislation Act 2015.