



FINANCIAL REPORTING
AUTHORITY
CAYMAN ISLANDS GOVERNMENT

Financial Sanctions 101

A quick guide to help you understand and comply with financial sanctions

Financial Reporting Authority (FRA)

The Financial Reporting Authority (FRA), which is part of the Portfolio of Legal Affairs, administers and coordinates the implementation of financial sanctions in the Cayman Islands. It also raises awareness of, and compliance with, financial sanctions.

The competent authority for financial sanctions in the Cayman Islands is the Governor.

Your compliance with sanctions laws greatly helps maintain the integrity of our Islands' financial services, commerce and non-profit organisations.

What are sanctions?

Sanctions are prohibitions and restrictions that help maintain or restore global peace and security. They are placed on specific individuals, entities, vessels, goods and services, organisations, and countries.

The most frequently applied sanctions are arms, travel, trade, and financial. They do not involve the use of armed force.

What are financial sanctions?

The most common types are:

- Asset freezes which prohibit you from:
 - Dealing with a sanctioned person's assets, including funds and property
 - Making funds or goods available – directly or indirectly – to a sanctioned person
- Restrictions on access to financial services and markets

Who has to comply?

All Caymanians and non-Caymanian individuals, businesses, and charities need to comply with financial sanctions if they are:

- Carrying out activities within the Cayman Islands; or
- Established under Caymanian law and operating overseas

No matter where you are in the world, all Caymanians must comply with financial sanctions.

Noncompliance with relevant sanctions measures is an offence, carrying upon conviction on indictment a maximum of seven years imprisonment; a fine; or both.

How are sanctions implemented in Cayman?

As a British Overseas Territory, the UK's Overseas Orders in Council extend UN and EU sanctions to the Cayman Islands. In addition, specified sanctions are implemented directly in the Cayman Islands pursuant to the provisions of the Terrorism Law (TL), including EU and UK Terrorism and Terrorist Financing regimes, and the Proliferation Financing (Prohibition) Law (PFPL).

The Cayman Islands can also impose its own domestic financial sanctions in certain circumstances under the TL and PFPL.

What's the purpose of financial sanctions?

Financial sanctions:

- Protect a person's personal or business, or a charitable organisation's, misappropriated assets until they can be returned
- Block access to finance and other economic resources that would allow those under sanctions to finance their actions
- Coerce those under sanctions to change their actions
- Signal disapproval, stigmatise and potentially isolate those under sanctions
- Send broader political messages, locally and internationally

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How do you find out who is subject to financial sanctions?

- The FRA website publishes a link to the Office of Financial Sanctions Implementation (OFSI) consolidated list of the individuals, organisations and businesses subject to financial sanctions – referred to as designated persons – on the www.fra.gov.ky website. The link is <https://www.gov.uk/government/publications/financial-sanctions-consolidated-list-of-targets/consolidated-list-of-targets>.
- To get list updates and other news, email financialsanctions@gov.ky
- The FRA also publishes on its website the Cayman Islands domestic consolidated list for any designation by the Governor.
- It's important to note that an asset freeze and some financial services restrictions also apply to businesses and other organisations owned or controlled by a designated person. More information is available in the FRA's Industry Guidance and OFSI's Guide to Financial Sanctions.

What if you think you're dealing with a sanctions target?

- Review all the information you have about them
- Check if they're on the consolidated list of designated persons, issued by the UK's OFSI
- Check if they're on the Cayman Islands Domestic Consolidated List of Designated Persons by the Governor
- If you're not sure, consider asking the target for more information
- Consider if they're owned or controlled by a designated person
- If you're still unsure, or if they match the list details, immediately contact the FRA

If you're dealing with a designated person subject to an asset freeze, you must:

- Immediately freeze their funds and assets, and report this to the FRA using the TF PF Asset Freeze Report Form at <http://fra.gov.ky/contents/page/1>
- Not deal with them, or make funds or assets available to them

You may be able to apply for a licence (where there are licensing grounds), or rely on an exemption in the law to continue dealing with those subject to sanctions. Note, however, that licences cannot be issued retroactively.

To apply for a licence, complete the licence application form at <http://fra.gov.ky/contents/page/1> and submit it to the FRA at financialsanctions@gov.ky. Licences are issued by the Governor.

What should you do if you have inadvertently frozen the funds or assets of a non-designated person/entity (false positive)?

- Once notified that a person/entity is not a sanctions target, you must request documentary evidence and a detailed statement as to why they are not the listed person/entity
- If you agree that you have frozen the funds or assets of a non-designated person, you must immediately unfreeze and report the unfreezing to the FRA
- If, after using all the available sources, you cannot resolve the issue as to whether a customer is in fact the designated person/entity, then you must inform the FRA
- If the FRA informs you that the person/entity is not the designated person/entity, you must immediately unfreeze the funds or assets and immediately inform the FRA that you have done so
- If the FRA informs you that the person/entity is the designated person/entity, your funds or asset freeze will remain in place

When should you contact the FRA?

- 1. To provide information**
Cayman's laws obligate you to report information to the FRA that supports compliance with financial sanctions. FRA may also request information from you.
- 2. To report a suspected breach**
It's in your interest to immediately report non-compliance with financial sanctions.
- 3. To apply for a licence**
Licences allow certain transactions to take place that otherwise would be prohibited under financial sanctions.
- 4. To get general guidance**
Contact:
The Sanctions Coordinator, Financial Reporting Authority
P.O. Box 1054
Grand Cayman KY1-1102 | Cayman Islands
financialsanctions@gov.ky

Where can you get more information and guidance?

On the FRA's website, www.fra.gov.ky:

- Industry guidance
- Link to OFSI's consolidated list of those subject to financial sanctions
- Financial sanction notices

On OFSI's website, <https://www.gov.uk/government/organisations/office-of-financial-sanctions-implementation>:

- OFSI's Guide to Financial Sanctions
- Information on those subject to financial sanctions
- Consolidated list of those subject to financial sanctions



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