

TIP OF THE MONTH

Targeted Financial Sanctions Screening

Financial Action Task Force (FATF) Recommendations 6 and 7 require countries to implement Targeted Financial Sanctions related to Terrorism, Terrorism Financing (Rec6) and Proliferation Financing(Rec7).

WHAT ARE TARGETED FINANCIAL SANCTIONS (TFS)?

- TFS are sanctions imposed through United Nations (UN) Security Council Resolutions (UNSCRs). TFS are:
 - (i) Targeted because they apply to specific individuals and entities identified by the UN Security Council (or relevant UN Committees) as contributing to a particular threat to, or breach of, international peace and security;
 - (ii) Financial because they involve the use of financial instruments – e.g. asset freezes/blocking of transactions/prohibitions;
 - (iii) Sanctions because they are coercive measures applied to effect change.
- As a member state of the UN, Mauritius is committed to implement the UNSCRs.
- The United Nations (Financial Prohibitions, Arms Embargo and Travel Ban) Act ('UNSA') enacted in May 2019 to provide the legal framework for implementing TFS.

OBLIGATION TO IMPLEMENT INTERNAL CONTROLS UNDER THE UNSA

- Reporting persons must implement internal controls and other procedures as required by Section 41 of the UNSA to enable them to effectively comply with their obligations set out under Section 23, 24, 25 the UNSA.
- The internal controls should include the screening of all clients and transactions against sanctions lists with an effective system that is appropriate to the nature, size and risk of the business of the financial institution.
- Screening against sanctions lists should also take place when establishing a new relationship, and subsequently at a regular intervals or upon trigger events.

PROHIBITIONS UNDER SECTION 23 AND 24 OF THE UNSA

- The FIU disseminates the list of parties ('Listed Parties') against which targeted sanctions have been imposed to reporting persons, investigatory authorities, supervisory authorities and any other relevant public and private agencies, registered on the goAML platform. As soon as there is a designation or a listing, two prohibitions prevail under the UN Sanctions Act:
 - A prohibition to deal with the funds or other assets of the designated or listed party under section 23; and
 - A prohibition to make available funds or other assets to the designated or listed party under section 24.
- Compliance with the above prohibitions will only be possible if reporting persons conduct screening and have procedures in place that can be followed when screening yields a positive match or even when it does not.

WHAT IS SCREENING

- Screening of clients is defined as the comparison of one string of text against another to detect similarities which would suggest a potential match. The FIU has prepared a power point presentation on how to conduct TFS screening which is accessible on its website.
- As per clause 44 of the Guidelines on the implementation of TFS under the United Nations (Financial Prohibitions, Arms Embargo and Travel Ban) Sanctions Act 2019 (UNSA) ('[UN Sanctions Act Guidelines](#)'), reporting persons are required to screen their clients against the United Nations Security Council Consolidated List ([UNSC Consolidated List](#)).

TIP OF THE MONTH

Targeted Financial Sanctions (TFS) Screening (Continued)

WHEN TO SCREEN AND WHO TO SCREEN?

- Reporting entities must have a system in place to screen customers during on-boarding and through the life cycle of the customer relationship. This also includes directors and beneficial owners of corporate customers, and any other parties with access to the account.
- At a minimum, screening should take place when establishing a new relationship, and at regular intervals either upon a trigger event (change in directors or ownership) or when a sanctions list changes.

WHERE TO FIND THE UN SANCTIONS LIST?

- The UNSC Consolidated List is available on FIU's website and UNSC website at the following link: <https://www.un.org/securitycouncil/content/un-sc-consolidated-list>



The screenshot shows the United Nations Security Council Consolidated List website. It features a navigation menu with options like 'About the Council', 'Sanctions', 'Members', 'Meetings', 'Documents', and 'News'. Below the menu, there is a breadcrumb trail: 'Home » About the Council » United Nations Security Council Consolidated List'. The main heading is 'United Nations Security Council Consolidated List'. A list of links is provided, including 'Technical actions', 'Composition of the List', 'Identifiers and acronyms in the List', 'Individuals', 'Entities', 'Mailing list Subscription', and 'Search UN Security Council Consolidated Lists'. At the bottom, there are two sections for downloading the list: 'List in alphabetical order' and 'List by Permanent Reference Number'. Each section has three buttons: 'PDF', 'XML', and 'HTML'.

ANY THRESHOLD FOR TFS SCREENING?

- TFS screening obligations apply to all clients and transactions, and there is no minimum financial limit or other threshold for when to conduct screening.

REPORTING OBLIGATIONS - SECTION 25

- Reporting persons are required to:
 - (a) immediately, verify whether the details of the designated party or listed party match with the particulars of any customer;
 - (b) identify whether the customer (if matched with a name on the sanctions list) owns any funds or other assets in Mauritius
 - (c) make a report to the National Sanctions Secretariat (NSS) and to their AML/CFT supervisor where funds or other assets have been found and also in cases where funds or other assets have not been found.
 - (d) Use the forms provided by the NSS for the purpose of Section 23(4) and Section 25(2) of the UNSA to make reports of positive matches of their customers and of any funds or other assets identified. These forms can be accessed under the "Guidelines" tab of the **NSS website**: <https://nssec.govmu.org/SitePages/Index.aspx> Additionally, the forms are also accessible on the [FIU website](#).
- The FIU has also produced a video presentation which explains the main provisions of the Act.

REPORTING OF SUSPICIOUS INFORMATION UNDER SECTION 39 OF THE UNSA

A reporting person must immediately file a [Suspicious Transaction Report \(STR\)](#) to the FIU in accordance with section 14 of FIAMLA.

ENSURING COMPLIANCE TO TFS

During offsite monitoring and onsite inspections, AML/CFT regulators, including the FIU supervise and enforce compliance by their reporting persons with the UN Sanctions Act. Reporting Persons are required to implement internal controls and other procedures to enable them to effectively comply with the Act and the FIU as DNFBP supervisor monitors and check the controls and procedures put in place by its reporting persons to ensure compliance with the Act.