OFAC
Office of Foreign Assets Control

Office of Financial Sanctions Implementation
HM Treasury

# U.S. and UK Economic Sanctions Authorities

## A Comparative Overview

June 23, 2026

The U.S. Department of the Treasury's Office of Foreign Assets Control (OFAC) and His Majesty's Treasury's Office of Financial Sanctions Implementation (OFSI) are the offices responsible for enforcing and promoting compliance with economic sanctions implemented by the United States and the United Kingdom, respectively. At the outset of the OFAC-OFSI Enhanced Partnership in October 2022, OFAC and OFSI committed to work in close coordination to support our stakeholders through the publication of sanctions-related products.

As part of this commitment, to assist the private sector in understanding its obligations under both the U.S. and UK sanctions regimes, this guidance compares key aspects of both regimes and highlights similarities and differences. This comparison focuses specifically on topics such as sanctions lists, available licenses, and recordkeeping and reporting requirements. While this guidance provides a general overview of key concepts, you are encouraged to review the most relevant OFAC or OFSI guidance or regulations to address specific questions or concerns.



| Office of Foreign Assets Control (OFAC) | Office of Financial Sanctions Implementation (OFSI) |
|---|---|
| **Organization Basics** | |
| **Website** | |
| https://ofac.treasury.gov | https://www.gov.uk/government/organisations/office-of-financial-sanctions-implementation |
| **Office & History** | |
| OFAC is a component of the Office of Terrorism and Financial Intelligence at the United States Department of the Treasury.<br><br>OFAC is the successor to the Office of Foreign Funds Control, which was established at the advent of World War II following the German invasion of Norway in 1940. OFAC itself was formally created in December 1950, following the entry of China into the Korean War, when President Truman declared a national emergency and blocked all Chinese and North Korean assets subject to U.S. jurisdiction.<br><br>You can read more on the About OFAC page and in the Introduction to the Office of Foreign Assets Control guidance. | OFSI is an office within His Majesty's Treasury of the United Kingdom.<br><br>OFSI was established in March 2016 with functions previously transferred from the Bank of England, which had acted as the Treasury's agent in administering financial sanctions. OFSI was established to both ensure that financial sanctions make the fullest possible contribution to the UK's foreign policy and national security goals and to maintain the integrity of, and confidence in, the UK financial services sector.<br><br>You can read more on OFSI's About Us page. |
| **Responsibilities** | |
| OFAC administers and enforces economic sanctions (including financial and trade sanctions), based on U.S. foreign policy and national security goals, against targeted foreign countries and regimes, terrorists, international narcotics traffickers, those engaged in activities related to the proliferation of weapons of mass destruction, and other threats to the national security, foreign policy, or economy of the United States.<br><br>**OFAC is responsible for:**<br>• promulgating implementing regulations;<br>• identifying and designating individuals and entities that are subject to OFAC-administered sanctions;<br>• maintaining OFAC's sanctions lists;<br>• issuing licenses to authorize certain otherwise-prohibited activity;<br>• civil enforcement of U.S. sanctions; and<br>• providing guidance to stakeholders to assist with compliance. | OFSI implements financial sanctions and certain trade sanctions based on UK foreign policy set by the Foreign, Commonwealth and Development Office (FCDO). These sanctions target foreign countries and regimes, entities, individuals, and specified ships to deter and disrupt threats and malign behaviour, and demonstrate commitment to the UK's values.<br><br>**OFSI is responsible for:**<br>• promulgating sanctions legislation;<br>• identifying and designating individuals under the domestic counter terrorism sanctions regime;<br>• implementing financial sanctions against those added to the UK Sanctions List (maintained by the FCDO);<br>• issuing licences to authorise otherwise-prohibited activity;<br>• civil enforcement of UK sanctions; and<br>• providing guidance to stakeholders to assist with compliance.<br><br>For more information about the respective roles of different government departments involved in UK sanctions implementation, see Section 1.2 of OFSI's General Guidance. |

| Office of Foreign Assets Control (OFAC) | Office of Financial Sanctions Implementation (OFSI) |
|---|---|
| **Legal Framework** | |
| OFAC sanctions are administered according to various legal authorities, including U.S. statutes (e.g., Trading With the Enemy Act), executive orders issued pursuant to the International Emergency Economic Powers Act, implementing regulations codified in the Code of Federal Regulations, 31 CFR Chapter V, and laws implementing United Nations Security Council Resolutions.<br><br>OFAC's regulations are available online on OFAC's website or in the electronic Code of Federal Regulations. | OFSI sanctions are administered according to various legal authorities including UK primary legislation (e.g., Sanctions and Anti-Money Laundering Act 2018, and the Counter-Terrorism Act 2008), secondary legislation (e.g., The Libya (Sanctions) (EU Exit) Regulations 2020), and laws implementing United Nations Security Council Resolutions.<br><br>OFSI's regulations are available online at Legislation.gov.uk. |
| **Sanctions** | |
| **Terminology** | |
| OFAC often refers to the sanctions it administers and implements as "**sanctions programs**."<br><br>OFAC enforces against civil "**violations**" of its sanctions.<br><br>OFAC sanctions may require U.S. persons to "**block**" certain property or "**reject**" certain prohibited transactions.<br><br>OFAC refers to individuals and entities ("persons") on the List of Specially Designated Nationals and Blocked Persons (SDN List) as "**blocked persons**" or "**SDNs**." Blocked persons or SDNs are fully blocked; therefore, U.S. persons are prohibited from any transactions or dealings, directly or indirectly, with the property and interests in property of such persons.<br><br>Under OFAC-administered sanctions regulations, the term "**property**" generally includes financial property (e.g., money, checks, savings accounts, stocks, bonds, debt, or any other financial instrument) as well as real, tangible, and intangible assets (e.g., goods, merchandise, ships, contracts, or real estate), and present, future, or contingent interests.<br><br>Property listed on the SDN List, such as vessels and aircraft, or other property in which a blocked person has an interest is referred to as "**blocked property**."<br><br>Sanctioned persons and property may appear on other OFAC sanctions lists but may not be blocked. Such listings are typically referred to as "**non-SDNs**" and the lists they are on are referred to as "**non-SDN lists**" (e.g., the Non-SDN Menu-Based Sanctions List). | OFSI often refers to the sanctions it administers and implements as "**sanctions regimes**."<br><br>OFSI enforces against "**breaches**" of financial sanctions.<br><br>UK financial sanctions may require UK persons to "**freeze**" certain transactions. This may also be referred to as an "**asset freeze**."<br><br>Generally, OFSI refers to sanctioned individuals, groups, entities, and vessels as "**designated persons**" or "**DPs**."<br><br>"**Asset**" is a collective term referring to both "funds" and "economic resources." Under UK legislation, funds are financial assets and benefits (e.g., cash, checks, deposits, securities, debt obligations, and cryptoassets) and economic resources are any tangible or intangible assets that are not funds, but can be used to obtain funds, goods, or services.<br><br>UK legislation subjects certain entities to additional specific reporting requirements. UK sanctions regulations define these as "**relevant firms**" and "**relevant institutions**." Relevant firms are individuals or entities that provide specific services (e.g., operate a currency exchange office) and therefore represent an increased risk of sanctions exposure. Similarly, relevant institutions often hold funds on behalf of designated persons or are involved in transactions related to frozen assets, and are therefore also subject to these additional reporting requirements. Relevant institutions are persons that have permission under Part 4A of Financial Services and Markets Act 2000 to carry on regulated activity. The specific categories of individuals or entities that are defined as relevant firms or institutions, and their respective reporting requirements, can be found in the regime-specific regulations. |

| Office of Foreign Assets Control (OFAC) | Office of Financial Sanctions Implementation (OFSI) |
|---|---|
| **Sanctions Types** | |
| OFAC sanctions programs may employ various types of sanctions. Generally, this includes:<br><br>• **List-based blocking sanctions**, where the property belonging to a sanctioned person, or any property in which a sanctioned person has an interest, is blocked. Generally, all activity and dealings, directly or indirectly, by U.S. persons involving the property or interests in property of a blocked person is prohibited. Listed blocked persons, and certain property identified as blocked, are included on OFAC's Specially Designated Nationals and Blocked Persons List (SDN List). A blocked person may also appear on other OFAC sanctions lists when appropriate.<br>• **List-based non-blocking sanctions**, where certain activity or transactions involving a listed person ("non-SDN") are prohibited, but the listed person's property is not blocked. Such sanctioned persons may be included on one of OFAC's non-SDN sanctions lists.<br>• **Sector-based sanctions**, which target persons operating in specific sectors of a foreign country's economy or prohibit specific activities associated with identified sectors. These may take the form of list-based blocking sanctions or list-based non-blocking sanctions.<br>• **Government blocking**, where an entire government or regime is sanctioned and transactions or activity with persons meeting the definition of that government or regime are prohibited. The property and interest in property of that government or regime must be blocked.<br>• **Jurisdiction-based sanctions**, where activity involving a specific jurisdiction, such as exports and imports or investment, is prohibited.<br>• **Secondary sanctions**, which target non-U.S. persons that conduct transactions with blocked persons. In practice, these may take the form of blocking, non-blocking, or banking-related sanctions (e.g., cutting off U.S. correspondent accounts for non-U.S. financial institutions). | UK sanctions regimes may employ various types of sanctions. Generally, this includes:<br><br>• **List-based financial sanctions**, where the assets belonging to a designated person are frozen. Generally, all activity and dealings involving a designated person are prohibited, as is making economic resources available to, or for the benefit of the designated person. Designated persons are included on the UK Sanctions List.<br>• **Sectoral sanctions**, which may apply to named individuals or entities, specified groups, or entire sectors—these target access to financial markets and services (e.g., investment bans or restrictions on the provision of insurance, brokering, or financial services, such as the UK's prohibition on correspondent banking relationships with Russian designated persons).<br>• **Directions**, which require specific actions be taken, typically with a specific type of business. Directions can apply to a specific person, group, sector, or country (e.g., the UK Government's direction to sever existing financial relationships with the Democratic People's Republic of Korea's financial institutions).<br><br>OFSI does not have broad jurisdiction-based sanctions, where most activity involving a specific jurisdiction is prohibited. |
| **Sanctions Lists** | |
| OFAC maintains various sanctions lists. OFAC's Specially Designated Nationals and Blocked Persons List ("SDN List"), and several "non-SDN" sanctions lists (collectively available in OFAC's Consolidated Sanctions List), can be found using OFAC's Sanctions List Service, which provides users with easy access to the most up-to-date sanctions lists and sanctions list data.<br><br>OFAC's Sanctions List Search is an online tool that can be used to search all OFAC's sanctions lists. | As of 28 January 2026, the Foreign, Commonwealth and Development Office (FCDO) maintains the list of UK sanctioned entities under the Sanctions and Anti Money Laundering Act 2018, known as the UK Sanctions List, which includes those subject to financial sanctions. OFSI implements financial sanctions against those listed on the UK Sanctions List.<br><br>FCDO's UK Sanctions List search tool is an online tool that can be used to search for those subject to UK sanctions. |

| Office of Foreign Assets Control (OFAC) | Office of Financial Sanctions Implementation (OFSI) |
|---|---|
| **Sanctions Programs/Regimes** | |
| OFAC implements multiple sanctions programs. The full list of sanctions programs can be found on OFAC's Sanctions Programs and Country Information page. | The UK maintains multiple sanctions regimes. The full list of sanctions regimes can be found on the Foreign, Commonwealth and Development Office's Current UK sanctions regimes page. |
| **Jurisdiction** | |
| Generally, all U.S. persons must comply with OFAC sanctions. This means:<br>• All U.S. citizens and permanent residents regardless of where they are located, all individuals and entities within the United States, and all U.S. incorporated entities and their foreign branches.<br>• Transactions within or transiting the United States also must comply with sanctions.<br>Non-U.S. persons can also be subject to certain sanctions prohibitions. For example, non-U.S. persons are prohibited from causing or conspiring to cause U.S. persons to violate U.S. sanctions and from engaging in conduct that evades U.S. sanctions.<br>Additionally, certain programs require:<br>• Non-U.S. subsidiaries of U.S. persons to comply; and<br>• Non-U.S. persons reexporting goods, technology, or services from the United States to comply even if no U.S. persons are involved in the reexport.<br>For more information, please review OFAC's Frequently Asked Question ("FAQ") 11. | Generally, all UK persons must comply with sanctions implemented by OFSI. This means:<br>• All UK persons regardless of where they are located, all individuals and entities within the United Kingdom, and legal entities incorporated or constituted under UK law and their foreign branches.<br>• Activity which occurs within the UK or its territorial sea also must comply with sanctions.<br>Non-UK persons are also subject to certain sanction prohibitions. Activity by non-UK persons with a "UK nexus," (i.e., falling within UK jurisdiction) will also be subject to sanctions.<br>For more information, see Section 1.4 of OFSI's General Guidance and Foreign, Commonwealth and Development Office's UK sanctions guidance for non-UK businesses. |
| **Prohibited Activity** | |
| When OFAC imposes blocking sanctions on a person, this immediately imposes an across-the-board prohibition against transfers or dealings of any kind by U.S. persons with regard to the blocked person's property and interests in property. U.S. persons in possession or control of such property must act to block it and report that action to OFAC.<br>OFAC also prohibits certain transactions or activities without imposing blocking sanctions, which may necessitate different actions. For example, if a U.S. financial institution is asked to process a transaction that is prohibited by OFAC sanctions but contains no blockable interest, the financial institution would "reject" the transaction and must report that rejection to OFAC.<br>For more information, please review OFAC's FAQs on Blocking and Rejecting Transactions. | When the UK imposes an asset freeze on a person, this immediately imposes a prohibition against transfers or dealings of any kind with regard to the designated person's funds or economic resources. UK persons in possession or control of such assets must act to freeze them and report that action to OFSI.<br>OFSI also prohibits certain transactions or activities without imposing an asset freeze.<br>For more information, please review Section 5 of OFSI's General Guidance. |

| Office of Foreign Assets Control (OFAC) | Office of Financial Sanctions Implementation (OFSI) |
|---|---|
| **Permitted Activity** | |
| Permitted activity under OFAC's sanctions programs may take the form of exemptions or authorizations, such as general licenses and specific licenses.<br><br>Depending on the sanctions program, certain categories of activities, such as personal communications and transactions ordinarily incident to travel, may be exempt from sanctions prohibitions. Exempt activity is not prohibited and U.S. persons do not require a general or specific license to engage in such exempt activity.<br><br>OFAC also issues general or specific licenses to authorize U.S. persons to engage in certain transactions or activities that would otherwise be prohibited by sanctions.<br><br>For more information, please review OFAC's FAQ 4. | Permitted activity under UK sanctions regimes may take the form of exceptions or authorisations, such as general licences or specific licences.<br><br>Depending on the sanctions regime, certain categories of activities, such as crediting interest payments on frozen funds or transferring a designated person's legal or equitable interests in frozen funds to a non-designated person third party, may be excepted from sanctions prohibitions. Such exceptions automatically allow otherwise prohibited transactions and activity to take place in specific circumstances as set out in the regulations.<br><br>OFSI also issues general or specific licences to authorise parties subject to UK jurisdiction to engage in certain transactions or activities that would otherwise be prohibited by sanctions legislation.<br><br>For more information, see Section 6 of OFSI's General Guidance and OFSI's Designated Individuals Licensing Principles. |
| **Recordkeeping and Reporting** | |
| **Recordkeeping Requirements** | |
| OFAC's recordkeeping requirements are codified at 31 CFR § 501.601. Generally, persons engaging in transactions subject to OFAC-administered sanctions regulations are required to keep a full and accurate record, available for examination, of each transaction for at least 10 years after the date of the transaction.<br><br>When requested by OFAC, relevant records are required to be made available to OFAC, and be provided consistent with OFAC's data delivery standards. (31 CFR § 501.602.)<br><br>OFAC general licenses or specific licenses may have additional recordkeeping requirements. It is important to review the relevant license carefully for any additional requirements. | Although UK financial sanctions legislation does not specify how long records of sanctions-related transactions or services must be retained, relevant records must be retained in accordance with other UK financial recordkeeping requirements (e.g., see Running a limited company: your responsibilities).<br><br>When requested by OFSI, relevant records should be made available within a reasonable time frame to OFSI (e.g., see OFSI's power to request documents at Regulations 72-73 of The Russia (EU Exit) Sanctions Regulations 2019).<br><br>OFSI general licences or specific licences may have additional recordkeeping requirements. It is important to review the relevant licence carefully for any additional requirements. |
| **Annual Reporting** | |
| OFAC's Annual Report of Blocked Property (ARBP) is a mandatory filing required by OFAC (31 CFR § 501.603). Each year, by September 30, all U.S. persons holding blocked property must report all blocked property held as of June 30 of that year. This report must be submitted electronically through the OFAC Reporting System. | OFSI's Annual Frozen Asset Review is a mandatory filing required by OFSI. Each year, by 30 November, all persons holding assets belonging to a designated person must report all such assets held as of 30 September of that year. This report must be completed using the appropriate reporting form template (annual frozen asset review and reporting form) and submitted to OFSI via email. |

| Office of Foreign Assets Control (OFAC) | Office of Financial Sanctions Implementation (OFSI) |
|---|---|
| **Reporting Requirements** | |
| OFAC's regulations state that any U.S. person holding, unblocking, or transferring blocked property must submit the relevant reports to OFAC within 10 business days of taking the action (31 CFR §§ 501.603 and 501.604). Such reports must be submitted electronically through the forms available on the OFAC Reporting System page.<br><br>OFAC general licenses or specific licenses may have additional reporting requirements. It is important to review the relevant license carefully for any additional requirements. | OFSI requires reporting for certain transactions and activity, as described in regime-specific UK regulations. For example, under most sanctions regimes, OFSI requires that relevant firms report if they know or reasonably suspect a person is a designated person, or has breached a prohibition, or failed to comply with an obligation, where that information is received in the course of carrying on their business.<br><br>In addition to this requirement, relevant institutions are subject to specific reporting obligations, as described in regime-specific UK regulations. For example, under most sanctions regimes, a relevant institution must inform OFSI without delay when it credits a frozen account and those funds are transferred to the relevant institution for the purpose of crediting the frozen account.<br><br>OFSI general licences or specific licences may have additional reporting requirements. It is important to review the relevant licence carefully for any additional requirements.<br><br>Further guidance on reporting requirements for each category of person, as well as additional reporting requirements that are regime-specific, can be found in Section 5 of OFSI's General Guidance and Reporting information to OFSI – what to do.<br><br>OFSI does not have a reporting requirement for "rejecting" a prohibited transaction. |
| **Guidance** | |
| **Program-/Regime-Specific Guidance** | |
| OFAC-administered sanctions program-specific guidance is available on its Sanctions Programs and Country Information page. | OFSI-administered sanctions regime-specific guidance is available on the Foreign, Commonwealth and Development Office's (FCDO) Current UK sanctions regimes page. |
| **Industry-Specific Guidance** | |
| OFAC makes industry-specific guidance available on its Information for Industry Groups page as well as on OFAC's Frequently Asked Questions page. | OFSI makes industry-specific guidance available on its UK financial sanctions guidance page. |
| **Frequently Asked Questions** | |
| Answers to OFAC's most frequently asked questions are available on OFAC's Frequently Asked Questions page. | Answers to OFSI's most frequently asked questions are available on its UK Financial Sanctions Frequently Asked Questions page. |

| Office of Foreign Assets Control (OFAC) | Office of Financial Sanctions Implementation (OFSI) |
|---|---|
| **Interpretive Guidance** | |
| OFAC accepts requests for interpretive guidance from individuals and businesses seeking formal guidance about whether their proposed transaction or activity complies with sanctions regulations. Such requests should be submitted through OFAC's License Application portal. | OFSI does not provide legal advice to applicants, however, as described in Section 6.10 of OFSI's General Guidance, OFSI will endeavor to assist applicants who contact them to better understand the licensing process and evidentiary requirements. The public can contact OFSI directly via email. |
| **Ad Hoc Guidance** | |
| The public can contact OFAC's Compliance Hotline online for informal guidance on how to comply with OFAC-administered sanctions and tips for navigating and using OFAC's website and resources.<br><br>For questions related to OFAC specific licenses, including questions about using the License Application portal, the public can contact OFAC's Licensing Hotline online. | The public can contact OFSI directly via email and OFSI will endeavour to assist those who contact them. While OFSI cannot advise on the legality of specific activity or transactions, nor provide any other legal advice, if a question is not resolved by existing guidance or publicly available material, OFSI will provide support and clear guidance where possible. |
| **Email Updates** | |
| OFAC provides email notifications to its subscribers when there are updates to its sanctions programs and lists. You can sign up to receive these notifications by providing your email address at OFAC's Email Updates page. | The UK Government provides email notifications to its subscribers when there are updates to its sanctions regimes and lists. You can sign up to receive these notifications by providing your email address at OFSI's Subscribers page. |

| Licensing | |
|---|---|
| **General Licenses** | |
| OFAC issues general licenses to authorize U.S. persons to engage in certain transactions or activities that would otherwise be prohibited by sanctions. General licenses are publicly available on OFAC's website or in the relevant sanctions program regulations.<br><br>A general license is self-executing, which means a person may engage in the specified conduct without the need for a specific license, provided the transaction meets the terms and conditions described in the general license. OFAC general licenses may apply to one or more sanctions programs and may require reporting.<br><br>Subject to sanctions program-specific considerations, non-U.S. persons do not generally risk being sanctioned for engaging in or facilitating transactions for which a U.S. person would not require a specific license.<br><br>You may review OFAC general licenses on the Selected General Licenses Issued by OFAC page or via OFAC's Sanctions Program and Country Information page. | OFSI issues general licences to authorise parties subject to UK jurisdiction to engage in certain transactions or activities that would otherwise be prohibited by sanctions legislation. General licences are publicly available on OFSI's website.<br><br>A general licence is self-executing, which means a person may engage in the specified conduct without the need for a specific licence, provided the transaction meets the terms and conditions described in the general licence. OFSI general licences may apply to one or more sanctions regimes and may require notification prior to use, record-keeping, or reporting.<br><br>You may view details of active general licences on the OFSI General Licences page and the accompanying guidance on Frequently Asked Questions page. |

| Office of Foreign Assets Control (OFAC) | Office of Financial Sanctions Implementation (OFSI) |
|---|---|
| **Specific Licenses** | |
| OFAC issues specific licenses on a case-by-case basis to authorize transactions that otherwise would be prohibited. A specific license permits only the licensee(s) to engage in the transactions or activity specified in the license, subject to certain terms and conditions.<br><br>A specific license is not transferable, may be revoked or modified at any time, and may be declared void if issued as a result of willful misrepresentation.<br><br>A specific license authorizes, but does not compel, the licensee(s) to engage in specified transactions.<br><br>Applications for specific licenses may be submitted through the OFAC Licensing Portal, which is accessible from the OFAC Specific Licenses and Interpretive Guidance page, where you also can find additional guidance and information about the licensing process. | OFSI issues specific licences to authorise activity that would otherwise be prohibited. A specific licence permits only the licensee(s) to engage in the transactions or activity specified in the licence.<br><br>A specific licence applies only to those persons or entities listed and may be varied, suspended, or revoked at any time. It is an offence for an applicant to knowingly provide false or misleading information to receive a licence. OFSI may revoke a licence if such information is provided for the purpose of receiving a licence.<br><br>Although specific licences issued by OFSI authorise the licensee(s) to engage in such activity, OFSI cannot compel any individual, entity, or financial institution to take any action.<br><br>Applications for specific licences may be submitted using the digital form on OFSI's website. Additional guidance on the licensing process can be found at OFSI's How to apply for a financial sanctions licence page. |
| **Enforcement** | |
| **Sanctions Enforcement** | |
| OFAC investigates violations of U.S. sanctions programs. Investigations may result in various resolutions and responses, including:<br>• No action<br>• Requesting additional information<br>• Issuing a "Cautionary Letter"<br>• Issuing a "Finding of Violation"<br>• Imposing a civil monetary penalty, either through a penalty notice, or by entering into a settlement agreement with a party under investigation<br>• Issuing a "Cease and Desist Letter"<br>• Revoking or suspending a license<br><br>OFAC may also refer an investigation to the U.S. Department of Justice for criminal investigation and potential prosecution.<br><br>Additional information on OFAC's types of responses to apparent violations can be found in OFAC's Economic Sanctions Enforcement Guidelines.<br><br>OFAC's public enforcement actions can be found on its Civil Penalties and Enforcement Information page. | OFSI investigates suspected breaches of UK financial sanctions regimes. Investigations may result in various resolutions and responses, and include:<br>• No action<br>• Issuing a warning letter<br>• Referring regulated professionals or bodies to their relevant professional body or regulator in order to improve their compliance with financial sanctions<br>• Publishing information pertaining to a breach, even where no monetary penalty is imposed, if this is in the public interest<br>• Imposing a civil monetary penalty, either through a penalty notice or by entering into a settlement agreement with a subject under investigation<br><br>OFSI may refer an investigation to law enforcement agencies for criminal investigation and potential prosecution.<br><br>Details of public actions OFSI has taken as part of its enforcement of financial sanctions can be found on OFSI's Enforcement of financial sanctions page. |

| Office of Foreign Assets Control (OFAC) | Office of Financial Sanctions Implementation (OFSI) |
|---|---|
| **Liability Standard** | |
| OFAC may impose civil penalties for apparent sanctions violations based on a strict liability legal standard, meaning that a person subject to U.S. jurisdiction may be held civilly liable even if such person did not have knowledge that they were engaging in a transaction that was prohibited under sanctions laws and regulations administered by OFAC. | OFSI may impose civil penalties for sanctions breaches occurring after 15 June 2022 based on a strict liability legal standard, meaning that a person subject to the UK's jurisdiction may be held liable even if such person did not have knowledge that they were engaging in a transaction that was prohibited under sanctions laws and regulations administered by OFSI.<br><br>For sanctions breaches that occurred prior to 15 June 2022, OFSI must demonstrate both that there was a breach of financial sanctions prohibitions and that the person had knowledge or reasonable cause to suspect that they were in breach of UK financial sanctions or failed to comply with an obligation. |
| **Voluntary Disclosure Policy** | |
| OFAC encourages voluntary disclosures of apparent sanctions violations. When determining the appropriate enforcement response, OFAC considers a qualifying voluntary self-disclosure (as described in OFAC's Economic Sanctions Enforcement Guidelines) to be a mitigating factor. For more information on what qualifies as a voluntary self-disclosure, see 31 CFR Appendix-A-to-Part-501 I.<br><br>In cases involving a qualifying voluntary self-disclosure where a civil monetary penalty is warranted, OFAC may apply a 50 percent reduction to the base amount of the proposed civil penalty.<br><br>Voluntary self-disclosures may be submitted through OFAC's Disclosure Portal. For more information on the voluntary self-disclosure process, see FAQ 13. | OFSI encourages voluntary disclosure of breaches of financial sanctions, where reporting of the breach is not otherwise required by law. When determining the appropriate enforcement response, OFSI may consider a qualifying voluntary disclosure to be a mitigating factor. To determine whether a disclosure is voluntary, OFSI will consider the facts and timing of each disclosure on a case-by-case basis (Financial sanctions enforcement and monetary penalties guidance).<br><br>In cases involving a qualifying voluntary disclosure where a civil monetary penalty is warranted, OFSI may apply up to a 30 percent reduction in the final monetary penalty amount.<br><br>Voluntary disclosures may be submitted via the online reporting form or via email to OFSI. Further information on how to submit a report can be found at OFSI's Reporting information to OFSI – what to do page. |
| **Statute of Limitations** | |
| OFAC may bring a civil enforcement action for violations of sanctions prohibitions within 10 years of the latest date of violation. Additional guidance on the statute of limitations for violations of OFAC sanctions is available on OFAC's Civil Penalties and Enforcement Information page. | OFSI may investigate and enforce civil penalties for breaches that have occurred since the passing of the relevant sanctions regulation or legislation. There is no statute of limitations under UK sanctions law. |

| Office of Foreign Assets Control (OFAC) | Office of Financial Sanctions Implementation (OFSI) |
|---|---|
| **Enforcement Framework** | |
| OFAC's process for assessing violations of sanctions, including the factors taken into consideration, are set out in OFAC's Economic Sanctions Enforcement Guidelines.<br><br>As a general matter, OFAC will consider some or all of the following "General Factors Affecting Administrative Action" in determining the appropriate administrative response to an apparent violation of OFAC sanctions, including the appropriate amount of a civil monetary penalty, when one is imposed:<br><br>A. Willful or reckless violation of law<br>B. Awareness of conduct at issue<br>C. Harm to sanctions program objectives<br>D. Individual characteristics<br>E. Compliance program<br>F. Remedial response<br>G. Cooperation with OFAC<br>H. Timing of apparent violation in relation to imposition of sanctions<br>I. Other enforcement action<br>J. Future compliance/deterrence effect<br>K. Other relevant factors on a case-by-case basis | OFSI's process for assessing potential or actual breaches of financial sanctions, including the factors taken into consideration, are set out in OFSI's Financial sanctions enforcement and monetary penalties guidance.<br><br>As a general matter, OFSI will consider some or all of the following factors in determining the appropriate response to a potential or actual breach of UK sanctions, including the appropriate amount of a civil monetary penalty, when one is imposed:<br><br>A. Circumvention of sanctions<br>B. Value of the breach<br>C. Strategic priority of the sanctions regime<br>D. Harm or risk of harm to the sanctions regime's objectives<br>E. Intention, knowledge and reasonable cause to suspect<br>F. Awareness and management of financial sanctions risk<br>G. Ownership and control<br>H. Repeated, persistent or extended breaches<br><br>OFSI also considers other factors when relevant to a specific case. |

## A Closer Look: Blocking and Freezing

Under U.S. and UK regulations, sanctions often apply both to persons named on the relevant sanctions list as well as to certain non-listed entities that they have an ownership interest in.

For example, when determining which non-listed entities are subject to OFAC prohibitions as a result of blocking sanctions against the entity's parent, OFAC generally applies what it refers to as the "50 Percent Rule." Under the 50 Percent Rule, the property and interests in property of entities directly or indirectly owned 50 percent or more by blocked persons, either individually or in the aggregate, are themselves considered blocked. OFAC's 50 Percent Rule speaks only to ownership and not to control.

Under UK regulations, an entity is subject to UK sanctions where a person holds more than 50 percent of that entity's shares, directly or indirectly. It is important to note that under UK regulations, the 50 percent requirement applies both to shares and voting rights in that entity. Moreover, OFSI considers entities controlled, directly or indirectly, by designated persons to be sanctioned. Control is defined in the relevant UK regulations as circumstances in which a designated person has the right, directly or indirectly, to appoint or remove a majority of the entity's board of directors; or, it is reasonable to expect that the person would be able to ensure the affairs of the entity are conducted in accordance with the person's wishes.

OFAC and OFSI's approach to calculating ownership in this context varies, however.

OFAC's 50 Percent Rule applies both to property interests owned individually by a blocked person, and to property interests that are owned in the aggregate by one or more blocked persons.

OFSI's 50 percent requirement does not apply when different designated persons' shareholdings in an entity amount to 50 percent or more. In that circumstance, where designated persons individually own less than 50 percent of an entity, that entity generally is not subject to UK sanctions unless there is evidence to suggest the ownership structure is intended to obfuscate control. For example, two or more designated persons enter a joint arrangement regarding the shares or voting rights to consolidate control.

For more information on these topics, visit OFAC's 50 Percent Rule FAQs topic page and Section 4.1 of OFSI's General Guidance, OFSI's FAQ 4, or the Ownership and Control: Public Officials and Control guidance issued by OFSI and the Foreign, Commonwealth and Development Office.

OFAC
Office of Foreign Assets Control





Office of Financial
Sanctions Implementation
HM Treasury

With respect to U.S. sanctions: This guidance is intended only as general information to assist compliance and to facilitate an understanding of OFAC-administered sanctions. To the extent that there is any apparent inconsistency between this document and International Emergency Economic Powers Act, Trading with the Enemy Act, or any implementing regulations, the latter control.

With respect to UK sanctions: This guidance does not represent legal advice. If you are unsure about your obligations in a given case, you should consider taking independent legal advice.