



TIP OF THE MONTH

Targeted Financial Sanctions (TFS) – Legal Obligations

DEFINITION -

The term targeted financial sanctions (TFS) means both asset freezing and prohibitions to prevent funds or other assets from being made available, directly or indirectly, for the benefit of designated persons and entities.¹ TFS are sanctions imposed through United Nations (UN) Security Council Resolutions (UNSCRs).

DISSEMINATION OF SANCTIONS LIST

UN Sanctions Act, s.18(1)*

The National Sanctions Secretariat has the responsibility to immediately give public notice of any changes to any UN sanctions lists, including the 1718 and 2231 55 Lists.

UN Sanctions Act, s.18(1)(b)*

The FIU must disseminate the public notice issued by the National Sanctions Secretariat and changes to UN sanctions lists to regulatory bodies.

The UNSC Consolidated List is available on FIU's website and UNSC website at the following link:

<https://www.un.org/securitycouncil/content/un-sconsolidated-list>

FINANCIAL PROHIBITIONS

UN Sanctions Act, s.23

Prohibition to **deal with funds** or the assets of designated party or listed party.

UN Sanctions Act, s.24

Prohibition of **making funds or other assets available** to designated party or listed party.

REPORTING OBLIGATIONS

Sanctions Screening - *UN Sanctions Act, s.25(1)*

verify, without delay, whether the details of any **designated party or listed party** match with the particulars of any customer and if so, identify whether the customer has funds or other assets in Mauritius.

¹<https://www.fatfgafi.org/media/fatf/documents/recommendations/pdfs/FATF%20Recommendations%202012.pdf>, pg 130

Who to screen?

- Customers, including corporate vehicles;
- Transactions;
- Employees.

When to screen?

- During on-boarding of customers;
- Whenever there is a change in ownership (BO or UBO) or directorship;
- Whenever there is a change in Sanctions list.

Positive Match

- *UN Sanctions Act, s.25(2)(a)*

If there is a positive match, reporting persons must make a report to the **National Sanctions Secretariat (NSS)** where funds or other assets or no funds or other assets are identified by the law firm.

- i. details of the funds or other assets against which action was taken against;
- ii. the name and address of the designated party or listed party; and
- iii. details of any attempted transaction involving the funds or other assets.

- *UN Sanctions Act, s.25(2)(b)*

If there is a positive match, reporting persons must also submit a report to the **relevant supervisory authority (AGO)**.

- *UN Sanctions Act, s.39*

If there is a positive match, a suspicious transaction report should also be filed to the FIU.

Nil RETURN

As a best practice, law firms are encouraged to file a Nil return to their supervisory body **only**, whenever screening is done and there is no match.

MISTAKEN IDENTITY

UN Sanctions Act, s.33

In case a party with the same or similar name as a listed party, that is a false positive is identified, the procedure to be taken is as follows:

any person who holds, controls or has in his custody or possession the funds or other assets of any such party shall apply to the Secretary of Home Affairs to release those funds or other assets.

INTERNAL CONTROLS

UN Sanctions Act, s.41

A reporting person shall implement internal controls and other procedures to enable it to effectively comply with their obligations under the UN Sanctions Act.

REPORTING OF SUSPICIOUS TRANSACTIONS

UN Sanctions Act, s.39

Any information related to a designated party or listed party which is known to a reporting person, shall be immediately submitted by the reporting person to FIU in accordance with section 14 of the Financial Intelligence and Anti-Money Laundering Act

* UN Sanctions Act - The United Nations (Financial Prohibitions, Arms Embargo and Travel Ban) Act 2019