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## 1. INTRODUCTION AND CONTEXT

### 1.1 An overview of Financial Sanctions

BCU has a legal obligation to follow financial sanctions imposed by the UK Government through the Sanctions and Anti-Money Laundering Act 2018

Financial sanctions are restrictions placed upon individuals or entire countries, which limit what sorts of business relationship BCU can have with them. For example, we are unable to receive funds from certain people or countries or be unable to send them money.

It is a criminal offence to deal with a person or business who is the target of UK Financial Sanctions where it ought to be known that they are the target of sanctions because either they are listed on sanctions list or they are owned or controlled by a person or entity that is listed on sanctions list.

There may be circumstances where the University also needs to comply with US Financial Sanctions. Some US laws are subject to UK laws which prohibit compliance with US Financial Sanctions so please contact the Office of the General Counsel in these circumstances.

The UK has also implemented some domestic sanctions under certain pieces of counter terrorism legislation (Terrorist Asset Freezing act 2010, Counter Terrorism Act 2008, Anti-Terrorism, Crime and Security Act 2001). US regulations have extra-territorial reach ("Secondary Sanctions") and importantly all US nationals, wherever resident, always have a primary obligation to comply with US Sanctions Regulations.

## 2. SCOPE OF THE POLICY

### 2.1 Purpose of the Policy

The purpose of the Policy is to help prevent breaches of UK Financial Sanctions laws and to provide guidance on UK Financial Sanctions.

### 2.2 What is covered by the Policy?

This Policy sets out the principles that all staff, business partners and contractors must follow; and provides further guidance on UK Financial Sanctions.

The University's policy is to firstly follow all UK legislation on sanctions.

Secondly, it will take into account US sanctions, as these affect key customers or suppliers to us and make operating in certain countries difficult or impossible from a banking and insurance services perspective.

### 2.3 What does this mean?

This means that we cannot do business with certain countries and individuals. The situation can be complicated; we can teach students from certain sanctioned countries, for example, but not accept tuition fees sent directly from these countries. We therefore need to be very careful that we understand the situation.

### **Who is covered by the Policy?**

All staff, joint venture and business partners, contractors, and suppliers to the University must comply with the Policy. The Policy does not form part of any employee's contract of employment and may be amended at any time.

### **2.4 Breach of this Policy**

Any breach of this Policy and its associated procedures by staff will be investigated in accordance with the University's disciplinary procedure. A serious breach may amount to gross misconduct and could therefore result in summary dismissal. A breach of Financial Sanctions may also result in the staff member being reported by the University to OFSI.

Any breach of this Policy and its associated procedures by business partners, contractors and other third parties will be investigated and any breach may result in relevant contracts being terminated and the third party being reported by the University to OFSI.

### **2.5 Mitigation of potential breaches**

Any breaches are mitigating through "know your customer" and "know your payer" procedures and these are referenced in the AML Policy. Combined with regular training, and an awareness of BCU's key risk areas.

Links providing an up to date list of which countries pose a risk to the University in terms of complying with financial sanctions is provided in this policy. This means that BCU University may have to terminate financial relationships at short notice with customers, partners or suppliers should the sanctions list change to include new countries.

### **2.6 Policy Ownership**

The Executive has approved this Policy. The Chief Operating Officer is the Executive sponsor and the General Counsel is the officer responsible for the Policy. Any questions about the operation of this Policy or any concerns that the Policy has not been followed should be referred in the first instance to the General Counsel.

### **2.7 Policy review and sign off**

Reviewed on a bi-annual basis, and any amendments to be reviewed and approved by the Finance Committee.

## **3. THE POLICY STATEMENT**

The University is committed to complying with UK Financial Sanctions. The University will also consider and comply with other Financial Sanctions regimes where we are required, or it is appropriate for us, to do so including, for example, US Financial Sanctions.

The University will carry out risk based Financial Sanctions list screening of third parties including suppliers and prospective students (as required).

Any suspected dealings with a target of Financial Sanctions must be reported to the Head of Financial Operations who will report it to the Director of Finance and Legal Services

## 4. THE APPLICATION OF SANCTIONS

### 4.1 Who are sanctions applied to?

- a) Coerce a regime or individual to change behaviour by increasing the cost to such an extent that they cease the offending behaviour.
- b) Constrain a target by denying them access to resources required to continue their offending behaviour.
- c) Signal disapproval.
- d) Protect the value of assets that have been embezzled.

### 4.2 Who can sanctions be applied to?

- e) Individuals 'designated person' and Entities -included on a list maintained by OFSI;
- f) Countries/ regions - highlighted on OFSI's website and include Syria, North Korea and Sudan;
- g) Governments/regimes
- h) Sectors or activities - would refer to, for example, terrorism, and drug-trafficking.

## 5. DEFINITIONS

The terms set out in this section 4 apply to this Policy.

- i) **Asset freeze** applies to companies, trusts, other entities owned or controlled by a designated person and to persons who act on behalf of the designated person (for example, family members when acting for the designated person).
- j) **Designated persons** are individuals and entities (some of whom are resident or based in the UK) that are targeted by the UK Government with the aim of freezing their assets.
- k) **Economic resources** are assets of any kind (tangible or intangible, movable or immovable), which are not funds, but which can be used to obtain funds, goods or services.
- l) **Financial Sanctions** The UK Government define financial sanctions as 'restrictions put in place that limit the provision of certain financial services or restrict access to financial markets, funds and economic resources in order to achieve a specific foreign policy or national security objective.' These could be restrictions on dealing and transacting with particular

persons, entities, and groups. Financial Sanctions are put in place by international organisations (mainly the UN and EU) and countries, including the UK and US.

m) **OFSI** is the Office of Financial Sanctions Implementation.

## 6. FINANCIAL SANCTIONS

The Offences The most common type of Financial Sanction is an asset freeze of designated persons and includes essentially three prohibitions:

- a) Making funds available, directly or indirectly, to or for the benefit of, a designated person;
- b) Dealing with funds owned or controlled by a designated person, or a person acting on behalf of a designated person; and
- c) Making economic resources available to a designated person, or dealing with the economic resources of a designated person. It is also a criminal offence for the University to:
- d) Knowingly participate in activities that directly or indirectly circumvent the prohibitions on making funds available and dealing with funds; and
- e) Facilitate the commission of any of the offences.

## 7. CONSEQUENCES OF A BREACH OF FINANCIAL SANCTIONS

A breach of the law occurs if the University had knowledge or reasonable cause to suspect that it was conducting business contrary to Financial Sanctions. Reasonable cause to suspect refers to an objective test that asks whether there were factual circumstances from which an honest and reasonable person should have inferred knowledge or formed the suspicion.

A principle of most sanctions regimes is the prohibition on knowingly and intentionally participating in activities which have the object or effect of circumventing any sanctions laws. It is extremely important that steps are not taken to “get around” Financial Sanctions. For example, entering into an arrangement with a third party who is not themselves a sanctions target but who is known or suspected of being connected to a designated person could amount to circumvention.

The potential consequences for breaching sanctions laws are severe, including civil penalties; unlimited criminal fines; periods of imprisonment of up to 7 years for individuals; the disgorgement of any profits; and reputational damage. Currently, most sanctions breaches are enforced by way of a civil penalty regime. The value of a monetary penalty may range from 50% of the total breach or up to £1m – whichever is the greater value.

## 8. SCREENING

Sanctions list checks and additional due diligence must always be undertaken in the following higher risk situations (as determined by HM Government):

Level of risk	Details	Countries impacted	Mitigation
High risk	Payments coming from or connected to a student	Russia, Crimea and Sevastopol, Cuba, Iran, North Korea, Syria, and Venezuela	Payments to come from UK/EU/US or Canada student or family member
High Risk	Where payment made by a 3rd party company or a non-family member from a bank account outside of the UK, EU or US.	Countries outside of UK/EU/US	Payment to be made by student or a family member
High Risk	Where the University bankers have refused to accept payment	Iran and Afghanistan	Payments to come from UK/EU/US or Canada student or family member
Medium Risk	Payments coming from or connected to a student	All other countries on the sanctioned list not already detailed above.	Payments to come from UK/EU/US or Canada from the student or a family member

Financial sanctions/and asset freeze also applies to businesses and other organisations owned or controlled by a designated person and as such additional due diligence may be needed; and before declining to engage with a person on the UK or US sanctions list, legal advice must be taken to review the application of any UK blocking laws.

More generally, if any member of staff is concerned that person or entity may be subject to Financial Sanctions, they should take advice from the Office of the General Counsel. Sanctions list screening will be undertaken using the relevant published lists. People and entities subject to UK Financial Sanctions are available on the following links.

1. UK Sanctions list [The UK Sanctions List - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/collections/uk-sanctions-list)
2. The Consolidated sanctioned list [The Consolidated list of Sanctioned Countries - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/collections/consolidated-list-of-sanctioned-countries)
3. Current Bankers sanctioned Countries list is available as Appendix 1 to this policy. This is reviewed with the University's bankers and updated.

## 9. AUTHORISATION

Prohibited transactions i.e. transactions with a designated person may be permitted under a licence issued by OFSI. Grounds for obtaining a licence include receiving payments under a pre-existing contract or providing funds to a designated person for their basic needs. Any application for such a licence will require the prior written consent of the Vice Chancellor and Chief Executive on the recommendation of the Chief Operating Officer.

## 10. REPORTING

If the University holds or control funds or economic resources belonging to, owned, held or controlled by a designated person, it must make a report to OFSI.

Staff can report any suspicion or concerns that The University are transacting with a designated person on the UK Sanctioned list or any country on the Banks Sanctioned list by clicking on the following link: [Suspicious Activity Disclosure Report Form \(office.com\)](https://office.com/SuspiciousActivityDisclosureReportForm)

## 11. IMPLEMENTATION

This Policy is implemented by the Compliance Procedures.

## 12. APPENDIX 1

Monthly Updated list of sanctioned countries provided by Nat Wes Bank

List updated on a monthly basis – last updated on 31/10/2023

Communicated to the following teams on 22/11/2023

Finance, Legal Services, Marketing, International Office and DSaS teams

Iran  
Afghanistan  
Belarus  
Burundi  
Central African Republic  
Democratic Republic of Congo  
Republic of Guinea  
Republic of Guinea-Bissau  
Iraq  
Lebanon  
Libya  
Mali  
Myanmar (Burma)  
Russia\*  
Somalia  
South Sudan  
Tunisia  
Ukraine  
Yemen  
Zimbabwe

\*Subject to change at short notice, covered by significant finance sector restrictions.