

Anti-Money Laundering and Combatting the Financing of Terrorism

GUIDANCE ON TARGETED FINANCIAL
SANCTIONS FOR BANKS, FSPS, & DNFbps



OFFICE OF THE ATTORNEY GENERAL
REPUBLIC OF THE MARSHALL ISLANDS

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1. Introduction

This Guidance is issued by the Office of the Attorney General pursuant to the United Nations Sanctions (Implementation) Act, 2020 (the “Act”).¹ Under §218 of the Act, the Office of the Attorney General is responsible for supervising compliance with the regulations issued under the Act.

1.1. Purpose and Scope

The purpose of this *Guidance on Targeted Financial Sanctions for Banks, FSPs, and DNFBPs* (“Guidance”) is to provide publicly available guidance to promote compliance with the Act and associated United Nations Targeted Financial Sanctions (Terrorism & Proliferation) Regulations, 2020 (the “Regulations”).²

This Guidance is focused on the procedures to implement international and domestic targeted financial sanctions (“TFS”) by all persons (natural and legal) in the Marshall Islands. Banks, financial services providers (“FSPs”), and designated non-financial businesses and professions (“DNFBPs”) are obligated under Marshall Islands law to apply policies, procedures, and controls to implement TFS against those designated in the UN Consolidated List and any TFS designations by Marshall Islands authorities.

The term “TFS” refers to asset freezing and other financial prohibitions, agreed upon by the United Nations Security Council, to prevent funds or other assets from being made available, directly or indirectly, for the benefit of designated individuals or entities.

1.2. Applicability

Unless otherwise noted, this Guidance applies to all banks, FSPs, and DNFBPs as those terms are defined in §102 of the Banking Act 1987 and in the Anti-Money Laundering Regulations, 2002. FSPs include virtual asset service providers (“VASPs”).

Please note, however, that the AML/CFT obligations applicable to banks, FSPs, and DNFBPs under the Banking Act 1987, Anti-Money Laundering Regulations, 2002, and any related laws or regulations in force in the Marshall Islands are outside the scope of this Guidance.

1.3. Legal Status of this Guidance

This Guidance does not constitute law or regulation, and it does not replace or supersede any statutory or regulatory requirements or any judicial precedent. In the event of a discrepancy between this Guidance and the legal or regulatory frameworks currently in force, the latter will prevail. Specifically, nothing in this Guidance should be interpreted as providing any explicit or implicit guarantee or assurance that any supervisory agency would defer, waive, or refrain from enforcement actions in the event of a breach of the Act, the Regulations, or any other law or regulation currently in force in the Marshall Islands.

¹ Available at: https://rmiparliament.org/cms/images/LEGISLATION/PRINCIPAL/2020/2020-0009/UnitedNationsSanctionsImplementationAct2020_1.pdf.

² Available at: <https://rmicourts.org/wp-content/uploads/2020/11/United-Nations-Targeted-Financial-Sanctions-Terrorism-Proliferation-Regulations-2020.pdf>.

This Guidance, and any lists or examples provided herein, is not exhaustive and does not set limitations on the measures to be taken by banks, FSPs, or DNFBPs to meet their obligations under the Act, the Regulations, or any other law or regulation currently in force in the Marshall Islands. As such, this Guidance should not be construed as legal advice or legal interpretation. If a bank, FSP, or DNFBP is unsure of whether or how the Act, the Regulations, or any other legal or regulatory requirement applies to its particular circumstances, it should seek legal or other professional advice.

2. Overview of Legal and Regulatory Framework

2.1. International Legal Framework

The United Nations Security Council (“UNSC”) is one of the six principal organs of the United Nations (“UN”) and has primary responsibility for the maintenance of international peace and security. Pursuant to Article 41 of Chapter VII of the Charter of the United Nations, the UNSC has sought to maintain or restore international peace and security by imposing sanctioning measures. The UNSC sanctions regimes focus mainly on supporting the settlement of political conflicts, nuclear non-proliferation, and counterterrorism. These regimes include measures ranging from comprehensive economic and trade sanctions to more targeted measures such as arms embargoes, travel bans, and restrictions on dealing with certain financial or commodity transactions.

Under the Charter of the United Nations, all Member States of the UN are obligated to comply with UNSC Resolutions (“UNSCRs”). In addition, the Financial Action Task Force (“FATF”), an inter-governmental body responsible for setting international standards on anti-money laundering and countering the financing of terrorism and proliferation, under Recommendations 6 and 7 of the FATF Recommendations, requires the implementation of TFS to comply with the UNSCRs relating to the prevention and suppression of terrorism, terrorism financing, and proliferation financing.

The Marshall Islands, as a member of the UN, is committed to fully implementing UNSCRs, including those related to the UN’s sanctions regimes.

2.2. Marshall Islands Legal Framework

The Act and the Regulations implement TFS under all relevant UNSCRs in the Marshall Islands. Specifically, Part III of the Act provides that TFS designations by the UNSC have immediate effect in the Marshall Islands and enables the Marshall Islands government to make domestic TFS designations, which also have immediate effect. Prohibitions and obligations applicable to banks, FSPs, and DNFBPs with respect to individuals and entities designated by the UNSC or the Marshall Islands for TFS are set out in Parts V and VI of the Regulations.

The Minister of Justice, Immigration and Labor (“Minister”) is responsible for administration of the Act. The Minister has authority to make regulations to give effect to the Act and is charged with making domestic TFS designations and submitting proposals for TFS designation to the UNSC as necessary.

The Office of the Attorney General is the agency responsible for monitoring and enforcing compliance with the Regulations, specifying any necessary forms or notices, and providing publicly available guidance to promote compliance.

3. Targeted Financial Sanctions (TFS)

3.1. What are targeted financial sanctions?

TFS are a tool used by the international community to prevent or suppress terrorism, the proliferation of weapons of mass destruction (“WMDs”), and the financing of these activities. In general, they are restrictive measures applied, usually at an international level, to individuals or entities as part of broader political and diplomatic strategies. They may include travel, arms, financial, or trade restrictions.

3.2. Why do we have targeted financial sanctions?

TFS are restrictions put in place by the UNSC, the Marshall Islands government, or otherwise to achieve a specific foreign policy or national security objective. They can limit the provision of certain financial services or restrict access to financial markets, funds, or economic resources.

Financial sanctions generally are imposed to:

- **coerce** a regime, or individuals within a regime, into changing their behavior (or aspects of it) by increasing the cost on them to such an extent that they decide to cease the offending behavior;
- **constrain** a target by denying them access to key resources needed to continue their offending behavior, including the financing of terrorism or nuclear proliferation;
- **signal** disapproval, stigmatizing, and potentially isolating a regime or individual, or as a way of sending broader political messages nationally or internationally; or
- **protect** the value of assets that have been misappropriated from a country until these assets can be repatriated.

3.3. Who are designated persons?

In the Marshall Islands, designated individuals or entities are those that have been designated by the UNSC or one of its Committees or by the Minister because they are associated with terrorism or proliferation of WMDs. They include individuals and entities listed under UNSCRs 1267/1989 (Al Qaeda), 1988 (Taliban), 2253 (ISIL Da’esh), 1718 (DPRK), and 2231 (Iran).

The UNSC Consolidated List of all persons and entities designated by the UNSC (and in effect in the Marshall Islands pursuant to Part III of the Act), along with domestic designations made by the Minister (if any), are accessible through the Marshall Islands Banking Commission website.³ The UN Consolidated List also is available directly at the UN website.⁴

3.4. Who must comply with financial sanctions?

Everyone (all individuals and all entities) in the Marshall Islands, including all banks, FSPs, and DNFBPs, must comply with TFS.

³ <https://www.rmibankingcomm.org>

⁴ <https://www.un.org/securitycouncil/content/un-sc-consolidated-list>

4. Obligations to Implement Targeted Financial Sanctions

4.1. Receive updates.

In accordance with Part IV of the Regulations, notification will be communicated to you of updates to the UN Consolidated List and any domestic designations list (including designations, de-listings, and false matches) within a matter of hours. You must have processes in place to receive and take appropriate action in response to all list updates.

Commercial screening solutions or other electronic subscription services may also be used for updates, but responsibility for ensuring up-to-date lists are used remains with you. If you do not use paid services, you should subscribe to the UN's mailing list for updates to the UNSC Consolidated List.⁵ Updates also are provided in table form on the UN website.⁶

4.2. Screen customers and transactions.

4.2.1. *Implement an appropriate and effective screening system.*

Every bank, FSP, and DNFBP must implement appropriate and effective procedures to screen customers (new and existing) and transactions against the UN Consolidated List and any domestic designations list. Policies and procedures must be suitable to your size and your business.

Screening must be carried out:

1. before onboarding new customers;
2. upon CDD/KYC reviews or changes to a customer's information (changes to directors, controllers, major shareholders, company name, etc.);
3. before processing any transaction; and
4. without delay following any updates to the UN Consolidated List or any domestic designations list to ensure compliance in imposing new freezing measures.

Screening must be incorporated into your customer onboarding processes and your ongoing customer due diligence processes, including to determine whether a customer is owned or controlled by, or acting on behalf of, or at the direction of, a designated individual or entity. Screening must also be incorporated into your transaction monitoring processes, including to determine whether a transaction involves a designated individual or entity, or an individual or entity owned or controlled by, or acting on behalf of, or at the direction of, a designated individual or entity.

You also must identify, assess, monitor, manage, and mitigate terrorist and proliferation financing risks, particularly sanctions-related risks. While screening policies and procedures must not be risk-based, you must take risk levels into account. Where there are higher risks, you must take commensurate measures to manage and mitigate the risks, including applying enhanced due diligence. However, even in lower risk scenarios, you must ensure full implementation of TFS.

⁵ Instructions are available at: <https://www.un.org/securitycouncil/content/un-sc-consolidated-list#Mailinglist>.

⁶ <https://www.un.org/securitycouncil/content/list-updates-unsconsolidated-list>

Examples of Best Practices	
Screening During Customer Onboarding	<ul style="list-style-type: none"> • Use of an effective screening system appropriate to the nature, size, and risk of the bank, FSP, or DNFBP’s business. • Screening at the time of customer onboarding, before providing any services or undertaking any transactions. • Screening entities’ directors and owners (including beneficial owners). • Analyzing relationships and transactions for related- or third-parties. • “Fuzzy matching” where automated screening systems are used. • Where an automated screening system is implemented, ensuring there is a full understanding of the system’s capabilities and limits.
Ongoing Screening	<ul style="list-style-type: none"> • Screening the entire customer base within a reasonable time following updates to the UNSC Consolidated List or domestic designations list. • Ensuring that customer data used for ongoing screening is up to date and correct. • Processes that include screening for customers’ accounts or transactions indirectly owned/controlled as well as third-party payees. • Processes that include screening of changes to entities’ data (e.g., new directors or changes to beneficial owners). • Regular reviews of the calibration and rules of automated screening systems to ensure they are operating effectively. • Automated screening systems calibrated in accordance with the bank, FSP, or DNFBP’s risks (rather than default settings). • Systems calibrated to include “fuzzy matching,” including name reversal, digit rotation, and character manipulation. • Flags on matches in systems prominently and clearly identified. • Controls that require referral to relevant compliance staff prior to dealing with flagged individuals or entities.

4.2.2. Identify designated individuals and entities.

The UNSC Consolidated List contains a range of information to aid the identification of designated individuals and entities. Identifiers in the UNSC Consolidated List include:

Identifiers for Natural Persons	Identifiers for Legal Persons
<ul style="list-style-type: none"> • name(s) • alias(es) • date of birth • passport details • nationality • last known address • employment or government role 	<ul style="list-style-type: none"> • name(s) • alias(es) • country/address of registration • address of branch(es) • other information

You may find that the name of an individual or entity you are dealing with is similar to, or even matches, one or more entries on the UN Consolidated List or a domestic designations list. However, this does not

necessarily mean that the individual or entity you are dealing with is the same one on the list, especially if the name is common. You must cross-check the data you have through customer due diligence or other sources (open-source information, media articles, commercial databases, etc.) against the identifiers included in the UN Consolidated List or domestic designations list. If you are satisfied that the individual or entity is not the designated individual or entity, then you do not need to take further action.

If the individual or entity you are dealing with matches all the key identifiers on the UN Consolidated List or domestic designations list, this is likely a positive match. What you are required to do next will depend on the specific sanctions that apply (freezing assets, etc.), but in all cases you must immediately reject any related transaction and refrain from offering any funds or other assets or services.

If, having consulted the UN Consolidated List or domestic designations list, you are still unsure on whether you have a positive match, you should contact the Minister or Office of the Attorney General for assistance. Until you receive a response, you must suspend any services and transaction for that individual or entity.

4.3. Apply targeted financial sanctions.

Banks, FSPs, and DNFBPs are prohibited from carrying out certain activities or behaving in a certain way if financial sanctions apply. You should always refer to up-to-date versions of the Act and the Regulations to understand exactly what is prohibited.

The Minister and the Office of the Attorney General interpret prohibitions widely. While they will not seek to draw in activities that clearly fall outside of a prohibition, they will consider a wide range of actions when assessing if a breach of financial sanctions has taken place.

The TFS measures that banks, FSPs, and DNFBPs must implement in the event of a positive match are detailed below. A breach of these requirements may result in criminal prosecution or monetary penalties.

4.3.1. *Freeze all funds or other assets without delay.*

If you identify a positive match with an individual or entity on the UN Consolidated List or a domestic designations list, you generally are prohibited from:

1. dealing with funds or other assets belonging to or owned, held, or controlled by a designated individual or entity;
2. making funds or other assets available, directly or indirectly, wholly or jointly, to or for the benefit of, a designated individual or entity; or
3. engaging in actions that, directly or indirectly, circumvent the financial sanctions prohibitions.

The asset freeze applies to all assets owned or controlled by designated individuals or entities. It also applies to the funds that derive from property that they own or control, directly or indirectly.

The funds and other assets are to be frozen immediately by any bank, FSP, or DNFBP in possession or control of them. You may make a request to the Minister to help verify whether an asset in your possession or control is a freezable asset.

An asset freeze does not involve a change in ownership of the frozen funds or other assets, nor are they confiscated or transferred to Marshall Islands authorities for safekeeping.

Term	Definition
Funds	means financial assets and benefits of every kind, including but not limited to: <ul style="list-style-type: none"> • cash, checks, claims on money, drafts, money orders, and other payment instruments; • deposits with financial institutions or other entities, balances on accounts, debts, and debt obligations; • publicly- and privately-traded securities and debt instruments, including stocks and shares, certificates representing securities, bonds, notes, warrants, debentures, and derivatives contracts; • interest, dividends, or other income on or value accruing from or generated by assets; • credit, right of set-off, guarantees, performance bonds, or other financial commitments; • letters of credit, bills of lading, bills of sale; and • documents showing evidence of an interest in funds or financial resources.
Other assets	means assets of every kind—tangible or intangible, movable or immovable—that are not funds, but may be used to obtain funds, goods, or services.
Goods	means items, materials, and equipment.
Dealing with funds	means moving, transferring, altering, using, accessing, or otherwise dealing with funds in any way that would result in any change to their volume, amount, location, ownership, possession, character, or destination or any other change that would enable the funds to be used, including portfolio management.
Dealing with other assets	means using the assets to obtain funds, goods, or services in any way, including by selling, hiring, or mortgaging them.

4.3.2. *Do not make financial or related services available.*

If you identify a positive match with an individual or entity on the UN Consolidated List or a domestic designations list, you generally are prohibited from rendering financial or related services, directly or indirectly. Financial or related services are those related to any activities described in the definitions of “financial institution” or “DNFBP” in the Banking Act 1987.

4.3.3. *Extend these prohibitions to associated individuals and entities.*

The name of a designated individual or entity will appear on the UN Consolidated List or a domestic designations list. However, asset freezes and financial services restrictions also apply to (i) entities that are owned or controlled, directly or indirectly, by a designated person, and (ii) individuals and entities acting on behalf of, or at the direction of, a designated person. Those individuals and entities might not appear on a sanctions list, but they nevertheless are subject to the same TFS.

Ownership

Per Section 2 of the Regulations, “**owned**” means having a legal entitlement, either directly or indirectly, to 25% or more of an entity. If this criterion is met, and the owner is also a designated individual or entity, then TFS will also apply to the entity that is owned by the designated individual or entity.

“**Owned**” includes both direct and indirect ownership. If the beneficial ownership of an entity rests with a designated individual (for example, he/she owns a corporation which owns another corporation), all entities that are part of the ownership chain are subject to TFS.

Control

Per Section 2 of the Regulations, “**control**” or “**controlled**” means exercising influence, authority, or power over decisions about financial or operational matters, and includes control as a result of, or by means of, trusts, agreements, arrangements, understandings, or practices, whether or not they have legal or equitable force and whether or not they are based on legal or equitable rights.

Satisfaction of at least one of the following criteria is sufficient to establish that a legal person/entity is controlled by another legal person/entity, alone or pursuant to an agreement with another owner or other third party:

- having the right or exercising the power to appoint or remove a majority of the members of the administrative, management, or supervisory body of the legal person/entity;
- having appointed, solely as a result of the exercise of one’s voting rights, a majority of the members of the administrative, management, or supervisory bodies of a legal person/entity who have held office during the present and previous financial year;
- controlling alone, pursuant to an agreement with other shareholders in or members of a legal person/entity, a majority of shareholders’ or members’ voting rights in that legal person/entity;
- having the right to exercise a dominant influence over a legal person/entity, pursuant to an agreement entered into with that legal person/entity, or to a provision in its governing instrument (articles of incorporation, etc.), where the law governing that legal person/entity permits its being subject to such agreement or provision; or
- having the power to exercise the right to exercise a dominant influence referred to in the point above, without being the holder of that right (including by means of a front company).

The above list is intended to be indicative of the factors leading to control and should not be seen as exhaustive.

It’s possible that a designated individual or entity may have control or use of another person’s bank accounts or other assets and may be using them to circumvent TFS. Examples could include a designated individual or entity registering assets in the name of associates or family members or using non-designated individuals’ or entities’ bank accounts to hold funds and facilitate transfers. These actions may constitute a breach or circumvention of TFS and may result in criminal prosecution or monetary penalties.

4.4. Report targeted financial sanctions measures.

Banks, FPSs, and DNFBPs must report to the Financial Intelligence Unit (the “FIU”) any assets frozen or actions taken in compliance with the prohibition requirements of the Regulations, including attempted transactions. Specifically, you must submit a report if you find that one of your customers/clients is a designated individual or entity, if you are otherwise in possession or control of a freezable asset, or if you are requested to provide a financial or related service prohibited under the Regulations.

When reporting to the FIU, you must include:

- any identifying information you hold about the suspected designated individual or entity, including full name and all available identity documents (a passport or other ID for individuals and articles of incorporation, licenses, etc. for entities);

- details of any freezable assets and any attempted transactions related to freezable assets, including type and amounts/values, along with available documentary evidence (bank statements, transaction receipts, securities portfolio summaries, title deeds, etc.);
- details of any prohibited financial or related services that have been requested, along with available documentary evidence (forms, communications, etc.); and
- any other information required by the FIU (see Annex 1 – Report Form on TFS Measures).

You must submit the report as soon as reasonably practicable, but no later than two (2) working days, following the reportable event. Upon receipt, the FIU may request additional information related to the report. You must provide any additional information requested by the FIU.

Examples of Reporting Obligations	
Example 1: Bank	A bank comes into possession of an asset with instructions to provide the asset to Person A. Through its screening process, the bank determines Person A is a designated individual. As a result, the asset is a freezable asset. The bank must freeze the asset by maintaining possession (i.e., retain the asset and not further deal with it) and must make a report to the FIU with details of asset/transaction.
Example 2: FSP (Insurer)	An insurance company identifies a positive match (Person B) when screening its customer database against the UNSC Consolidated List. Person B is the beneficiary of a life insurance policy. The insurance company must freeze the policy, including future premiums on receipt and any interest due to the account. The insurance company must also make a report to the FIU with details of the policy (including policyholder, beneficiary, premiums, etc.).
Example 3: FSP (VASP)	A cryptocurrency exchange identifies a confirmed match (Person C) when screening its customer database. Person C owns multiple cryptocurrencies (Bitcoin, Ethereum, etc.) in his wallet on the exchange. The cryptocurrency exchange must freeze the virtual assets in Person C's wallet without delay and make a report to the FIU with details of the quantity of virtual assets frozen and their value.
Example 4: DNFBP	A company service provider (CSP) identifies a positive match (Company X) when screening its client database against the UNSC Consolidated List. Company X has engaged the CSP to act as a formation agent. The CSP must immediately refrain from offering any services to Company X and must make a report to the FIU with details of the attempted transaction.

A bank, FSP, or DNFBP that fails to comply with its reporting obligations, as set out in the Regulations, will be committing an offense, which may result in criminal prosecution or monetary penalties.

In addition, the Act gives the Office of the Attorney General power to issue a written notice requiring you to provide information or documents for the purpose of supervising compliance with the Regulations. Failure to comply may result in criminal prosecution or monetary penalties. The Office of the Attorney General may also conduct on-site inspections with or without prior notice.

Your reporting obligations under the Regulations are in addition to any non-TFS reporting obligations you may have. These could include reporting required by the Banking Commission or submitting Suspicious Activity Reports (“SARs”) to the FIU. Please note that reporting to the Banking Commission or submitting a SAR does not meet your reporting obligations under the Regulations.

If you are unsure of your reporting obligations, you should seek independent legal advice.

5. Authorizations

Specific authorization powers generally are contained in financial sanctions legislation and can allow otherwise prohibited transactions to take place in some circumstances. Authorizations are written approvals from the Minister permitting an otherwise prohibited act.

The following sections provide a general overview of the standard grounds for authorizations found in the Regulations and the UNSCRs listed in the Regulations.

5.1. Authorizations Overview

The Minister can only grant authorizations where there are specific and relevant grounds enabling the authorization and where the conditions in those grounds have been met. The available grounds can be found in the Regulations and the UNSCRs listed in the Regulations.

Authorizations cannot be issued retrospectively. If you carried out an act that required an authorization without having obtained one beforehand, you may have contravened the Regulations.

5.2. Grounds for Granting Authorizations

The following table sets out the grounds for authorizations described in the Regulations:

Grounds	Description
Basic expenses	Basic expenses are those that are necessary to ensure that the very existence of the designated person or dependent family members is not imperiled. These needs will be different if the designated person is a legal person rather than a natural person. Basic expenses authorizations do not enable a designated person to continue the lifestyle or business activities they had before they were designated.
Legal fees and disbursements	The fees must be reasonable, and payments of fees and disbursements must relate specifically to the provision of legal advice or involvement in litigation or dispute resolution.
Fees/service charges for routine holding or maintenance of frozen assets	The fees must be for routine activities. Redesign, refurbishment, or redevelopment to improve value is generally not covered.
Satisfaction of prior contractual obligations of the designated person	The contract or obligation must have arisen prior to the date of designation and cannot result in funds or economic resources being made available to the designated person.
Satisfaction of prior court judgements or arbitration decisions against the designated person or entity	The judgment/decision must have been given before the date of designation and cannot be for the benefit of a designated person.
Extraordinary expenses	Must be an expense of the designated person that is extraordinary in nature (not recurring or easily anticipated). It cannot be used where other grounds are more suitable or to avoid limitations of those other grounds.

Authorizations may, at the Minister's discretion, be of a recurring nature (for example, funds of a certain amount per week can be transferred from a bank account to a landlord to pay rent).

5.3. Requesting Authorizations

An individual or entity identified in any domestic designations list, or his/her/its legal representative, may request access to all or part of frozen assets for any of purposes set out in Section 5.2 above.

Applicants for an authorization must send a written request to the Minister, setting out:

- the ground(s) being relied upon for the authorization, including supporting arguments;
- full information on the parties involved in the proposed transaction, including the designated person(s), any financial institution(s) involved (e.g., remitter, correspondent, beneficiary), and the ultimate beneficiary of the transaction;
- the complete payment route including account details; and
- the amount (or estimated amount) of the proposed transaction.

All supporting documents needed to substantiate the request should be attached to the request.

Knowingly or recklessly providing false or misleading information in any request for an authorization may result in criminal prosecution or monetary penalties.

5.4. Timeframes for Authorizations

The Minister aims to engage with applicants on the substance of completed requests within six weeks. This does not mean that an authorization will necessarily be granted within six weeks.

A completed request is one where the Minister has received all the information needed for a decision about whether there is a legal basis to grant an authorization. The Minister will send back incomplete requests or ask for additional information until satisfied that the request can be considered complete. Failure to submit all information requested by the Minister will result in delays in processing your request.

The Minister may need to notify, or in some cases seek approval from, the relevant UNSC Committee before granting an authorization. These requirements are set out in relevant UNSCRs. They will lengthen the processing time and may in some cases prevent an authorization from being granted.

You should not assume that an authorization will be granted or engage in any activities prohibited by the Regulations until you have received an official written authorization from the Minister.

The Minister will prioritize urgent and humanitarian cases that involve a risk of harm or a threat to life. If your request is urgent, please clearly say so when submitting your request and explain why.

5.5. Amending Authorizations

Once granted, an authorization may be varied or revoked at any time at the Minister's discretion.

Requests for an amendment or extension of an authorization should be submitted to the Minister as soon as it's apparent that one is required, and full supporting information and arguments should be provided. The Minister cannot guarantee that last-minute requests will be granted within a requested timeframe.

5.6. Conditions on Authorizations

At the Minister's discretion, conditions may be placed on any authorization granted. Conditions may include requirements to report information to Marshall Islands authorities within specific timeframes. Failure to comply may result in the revocation or suspension of an authorization or further restrictions being imposed. It may also result in criminal prosecution or monetary penalties.

6. Enforcement of Targeted Financial Sanctions

The Office of the Attorney General is responsible for supervising compliance with the Regulations and for assessing suspected violations. It also has the power to impose monetary penalties for contravention of the Regulations and to initiate criminal investigation and potential prosecution.

The Office of the Attorney General works with other parts of the Marshall Islands government to consider all cases, sharing relevant information accordingly. It may share information as prescribed by relevant Marshall Island laws and regulations.

6.1. Consequences for Banks, FSPs, and DNFBPs

Contravening the Regulations is a criminal offense punishable by up to 15 years in prison and fines of up to \$300,000 for natural persons and fines of the greater of \$2,000,000 or the value of the offending transaction for legal persons. Attempting or facilitating violations likewise is a criminal offense.

In addition to criminal penalties, or in the alternative, the Office of the Attorney General may impose an array of non-criminal enforcement measures, including formal warnings (which may specify required remedial action) and/or civil fines of up to \$10,000 for natural persons and \$100,000 for legal persons. If non-criminal enforcement measures are applied, the Office of the Attorney General may publish notice of the measure taken and any required remedial action.

If necessary, the Office of the Attorney General also may apply to the High Court for an injunction restraining a bank, FSP, or DNFBP from engaging in specified conduct that contravenes the Regulations. The injunction may relate to one or more officers, employees, or agents of the bank, FSP, or DNFBP.

6.2. Safe Harbor – Good Faith Application of TFS

In the event you apply TFS (freezing assets or refusing to provide financial or related services) based on mistaken identity or any similar error, no civil, criminal, or disciplinary proceedings may be brought against you so long as you attempted to comply with the Act and Regulations in good faith and with reasonable care.

7. Challenging Designations

Those who are subject to TFS can challenge their listing and request their delisting. TFS will remain in place while the challenge or request is being considered.

7.1. Requests for De-listing

For the ISIL (Da'esh) & Al-Qaida Sanctions Lists (UNSCRs 1267/1989/2253 or 1988), requests for de-listing should be submitted directly to the UN Office of the Ombudsperson. More information is available at: <https://www.un.org/securitycouncil/ombudsperson>.

For all other UNSCRs, requests for de-listing should be sent to the UN's Focal Point for De-listing. More information is available at: <https://www.un.org/securitycouncil/sanctions/delisting/delisting-requests>.

Alternatively, nationals and residents of the Marshall Islands may submit a de-listing request to the Minister. The Minister processes these requests in accordance with Section 6 of the Regulations.

7.2. Mistaken Identity

In exceptional cases, non-designated persons might mistakenly be affected by prohibitions or asset freezing pursuant to the Regulations. For example, a person's name could be similar to that of a designated individual or entity.

Persons who believe they have been affected mistakenly (due to mistaken identity or otherwise) should contact the bank, FSP, or DNFbp that froze the assets or refused services to request an explanation and identification of the suspected positive match.

Affected persons who are unable to resolve the issue directly with the relevant bank, FSP, or DNFbp may apply to the Minister. The request should include information and supporting documents demonstrating that the affected person is not a designated individual or entity. Upon verification, the relevant authorities will work with the affected person to clarify and resolve the prohibition or freezing issue.

Annex 1 – Report Form on TFS Measures

Republic of the Marshall Islands Financial Intelligence Unit



Report Form – Targeted Financial Sanctions Measures

Reporting Entity

Name: _____ Date: _____
Name of Reporting Entity *dd-MMM-yyyy*

Address: _____ Phone: _____
Street Address (street, city, state/province, country)

Suspected Designated Individual

Full Name: _____ DOB: _____
Last First Middle *dd-MMM-yyyy*

Address: _____
Street Address (street, city, state/province, country)

Nationality: _____ Place of Birth: _____
City, Country

ID Type: _____ ID #: _____ Expiration Date: _____
Passport, National ID, Other ID *dd-MMM-yyyy*

Other: _____
Include Any Additional Information (aliases, alternate DOBs/IDs, other identifying details)

Attach Available Identity Documents (passport, national ID, etc.)

Suspected Designated Entity

Name: _____ Type: _____
Legal Name of Suspected Designated Entity *Corporation, Partnership, Trust, Etc.*

Address: _____
Registered Address or Principal Place of Business (street, city, state/province, country)

Nationality: _____ Date Formed: _____ Reg #: _____
Country of Registration *dd-MMM-yyyy* *Registration Number*

Phone: _____ Website(s): _____

Business: _____
Nature of the Entity's Business

Other: _____
Include Any Additional Information (aliases, names of owners/directors/officers, licenses, other identifying details)

Attach Available Identity Documents (articles of incorporation, licenses, etc.)

Freezable Assets/Attempted Transactions

Location: _____ Type: _____
Location of Asset(s) *Type of Asset(s)*

Acct No(s): _____ Amount(s): _____ Date Frozen: _____
Account Number(s) *Amount(s) of Asset(s)* *dd-MMM-yyyy*

Transaction: _____
Details of Attempted Transaction(s) (if any)

Other: _____
Include Any Additional Information (status of asset freeze/transaction, etc.)

***Attach Available Documentary Evidence
(statements, receipts, portfolio summaries, title deeds, etc.)***

Prohibited Services Requested

Type: _____ Request Date: _____
Type of Service(s) Requested *dd-MMM-yyyy*

Other: _____
Include Any Other Details of Service(s) Requested

Attach Available Documentary Evidence (forms, communications, etc.)

Submitted By

Print Name: _____ Position: _____
Your Name *Your Position*

Phone: _____ Email: _____
Work or Mobile Phone Number *Work Email Address*

Signature: _____ Date: _____
dd-MMM-yyyy

The completed Report Form and all associated attachments must be submitted to:

FIU Administration
Financial Intelligence Unit
Office of the Banking Commission
P.O. Box 1408, Majuro, Marshall Islands 96960
Tel: (692) 625-6309/625-6310
Email: administration@rmifiu.org