

A summary of the BVI's sanctions regime

What are sanctions?

These are prohibitions that are put in place by various bodies and countries, for example:

- The United Nations Security Council
- The European Union Council
- Her Majesty's Treasury in the United Kingdom
- The Office of Foreign Assets Control in the United States (though the United States has no jurisdiction in the BVI, the proximity to the US mainland and territories, the fact that BVI persons might have US passports and the use of the United States Dollar are strong factors when considering the application of US related sanctions)

These prohibitions are designed to achieve a specific foreign policy or national security objective. The prohibitions are formulated as sanctions legislation and can include: financial sanctions (asset freezes), trade sanctions (arms, embargoes and restrictions) and immigration sanctions (travel bans). These sanctions, once enacted, have the ability to limit the provision of certain financial services and restrict access to various financial markets, funds, economic resources, trade and exports etc.

Why are financial sanctions used?

These sanctions are imposed on an entity (a corporate person), an individual (a natural person) or a regime to:

- **Coerce:** the person or regime on who it is imposed to change behaviour by increasing the cost on them to such an extent that the sanctioned person or regime decides to cease the offending behaviour
- **Constrain:** by denying key resources needed to continue their offending behaviour, including the financing of terrorism or nuclear proliferation
- **Signal disapproval:** by stigmatising and potentially isolating a regime or individual, as a way of sending a broader political message nationally or internationally
- **Protect:** the value of assets that have been misappropriated from a country until these assets can be repatriated

Who is subject to financial sanctions?

Financial sanctions apply to:

- Any person in the BVI
- Any person who is a British citizen, a British Overseas Territories citizen, a British subject, a British National (Overseas) or a British protected person who is ordinarily resident in the BVI
- A body incorporated or constituted under the laws of the BVI
- Any person on board a ship or aircraft that is registered in the BVI

Ensuring compliance rests with:

- A body registered, incorporated or constituted under the laws of the BVI or any part of the BVI and supervised by the BVI Financial Services Commission (this will include all financial institutions)
- A body registered, incorporated or constituted under the laws of the BVI or any part of the BVI and supervised by the BVI Financial Investigation Agency (this includes all designated non-financial businesses and professional and non-profit organisations)
- Any person on board a ship or aircraft that is registered in the BVI

What should subjects do?

All relevant persons should seek to fully have in place the appropriate risk based mechanisms, policies and procedures to assess customers and business relationships (existing and intended) to determine whether they are subject to any of the sanctions regimes that extend to the BVI. If when checks are made it is revealed that there is a prohibition in relation to a person, regime etc, the following should be done:

- Check to see if any accounts are maintained by the BVI person or whether the BVI person holds any funds or economic resources for the persons set out in the respective sanctions regime
- Freeze such accounts and other funds and/or economic resources

- Refrain from dealing with the funds and/or economic resources (whether directly or indirectly) unless a licence has been granted by the BVI Governor under the sanctions regime
- Report any findings to the BVI Governor, together with any information that would facilitate compliance with the sanctions regime
- Provide any information concerning the frozen assets of designated persons to the BVI Governor

Failure to comply is a criminal offence and circumventing the regime is a criminal offence.

What else should be done?

- Familiarise yourself with the targeted financial sanctions consolidated list which can be found [here](#).
- Make the necessary application for the licence from the BVI Governor and/or report the asset freeze using the prescribed forms. The forms can be found [here](#).
- Keep abreast with the financial sanctions notices that apply to the BVI. The list can be found [here](#).
- Stay attuned with the guidance from the UK. A link can be found [here](#).



For more information and key contacts please visit [harneys.com](https://www.harneys.com)

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