



Sanctions and Anti-Money Laundering Act 2018

2018 CHAPTER 13

PART 1

SANCTIONS REGULATIONS

CHAPTER 1

POWER TO MAKE SANCTIONS REGULATIONS

Contents of sanctions regulations: further provision

15 Exceptions and licences

- (1) In this section “regulations” means regulations under section 1.
- (2) Regulations may—
 - (a) create exceptions to any prohibition or requirement imposed by the regulations;
 - (b) provide for a prohibition imposed by the regulations not to apply to anything done under the authority of a licence issued by an appropriate Minister specified in the regulations;
 - (c) provide for a requirement imposed by the regulations to be subject to such exceptions as an appropriate Minister specified in the regulations may direct.
- (3) Regulations may, as respects any licences or directions provided for under subsection (2)(b) or (c)—
 - (a) provide that a licence or direction may be general or issued to a category of persons or a particular person;
 - (b) provide that a licence or direction must specify what is authorised by the licence or excepted by the direction;

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- (c) make provision as to what may, or may not, be authorised by a licence or excepted by a direction;
 - (d) provide that a licence or direction may contain conditions;
 - (e) provide that a licence or direction may not be issued unless criteria specified by the regulations are met;
 - (f) make provision as to the duration of licences or directions, which may enable them to be of indefinite duration or a defined duration;
 - (g) make provision enabling licences or directions to be varied, revoked or suspended;
 - (h) make provision as to notifications or publicity to be given in connection with licences or directions.
- (4) Where regulations provide for designated persons to be excluded persons for the purposes of section 8B of the Immigration Act 1971, the regulations may—
- (a) create exceptions from subsections (1) to (3) of that section in relation to any person who under the regulations is an excluded person (a “relevant person”);
 - (b) authorise an appropriate Minister specified in the regulations to direct that, in relation to any relevant person specified, or of a description specified, in the direction, subsections (1) to (3) of that section have effect subject to exceptions specified in the direction.
- (5) Regulations may, as respects any directions provided for under subsection (4)(b), make any provision mentioned (in relation to directions) in subsection (3)(d) to (h).
- (6) The exceptions that may be created under subsection (2)(a) include exceptions in relation to acts done for the purposes of—
- (a) national security;
 - (b) the prevention or detection of serious crime in the United Kingdom or elsewhere.

In this subsection “act” includes an omission.

- (7) Nothing in subsection (6) is to be taken to limit subsection (2).

16 Information

- (1) Regulations under section 1 may make provision—
- (a) requiring persons of a prescribed description—
 - (i) to inform an appropriate authority of prescribed matters;
 - (ii) to create and retain registers or records;
 - (b) authorising an appropriate authority to require persons of a prescribed description to provide information, or produce documents, of a prescribed description;
 - (c) conferring powers to inspect and copy prescribed documents or information;
 - (d) conferring powers of entry in relation to powers conferred by virtue of paragraph (b) or (c), and about the exercise of any such powers of entry;
 - (e) authorising or restricting the disclosure of information, including provision—
 - (i) about the purposes for which information held in connection with anything done under or by virtue of the regulations may be used;
 - (ii) about the persons to whom any such information may be disclosed.

- (2) Without prejudice to anything in subsection (1), regulations under section 1 may include provision authorising or requiring prescribed information about a person designated by or under the regulations to be notified to prescribed persons or to be publicised.
- (3) In subsection (1) “appropriate authority” means—
 - (a) an appropriate Minister, or
 - (b) such other person as may be prescribed.

17 Enforcement

- (1) In this section “regulations” means regulations under section 1.
- (2) Regulations may make provision—
 - (a) for the enforcement of any prohibitions or requirements imposed by regulations;
 - (b) for the enforcement of any prohibitions or requirements imposed under regulations, including, in particular, prohibitions or requirements imposed by—
 - (i) conditions of a licence or direction issued by virtue of section 15, or
 - (ii) directions given by virtue of sections 6 and 7;
 - (c) for preventing any prohibitions or requirements mentioned in paragraph (a) or (b) from being circumvented.
- (3) The provision that may be made by virtue of subsection (2) includes provision as to the powers and duties of any person who is to enforce the regulations.
- (4) Regulations—
 - (a) may create criminal offences for the purposes of the enforcement of prohibitions or requirements mentioned in subsection (2)(a) or (b) or for the purposes of preventing such prohibitions or requirements from being circumvented, and
 - (b) may include provision dealing with matters relating to any offences created for such purposes by regulations (including provision that creates defences).
- (5) Regulations may not provide for an offence under regulations to be punishable with imprisonment for a period exceeding—
 - (a) in the case of conviction on indictment, 10 years;
 - (b) in the case of summary conviction—
 - (i) in relation to England and Wales, 12 months or, in relation to offences committed before section 154(1) of the Criminal Justice Act 2003 comes into force, 6 months;
 - (ii) in relation to Scotland, 12 months;
 - (iii) in relation to Northern Ireland, 6 months.
- (6) Regulations may include provision applying, for the purpose of the enforcement of any relevant prohibition or requirement, any provision of the Customs and Excise Management Act 1979 specified in the regulations, with or without modifications.
- (7) In subsection (6) a “relevant prohibition or requirement” means—
 - (a) a prohibition or requirement imposed by regulations for a purpose mentioned in—

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- (i) section 3(1)(b) to (g) or (2), or
 - (ii) Part 1 of Schedule 1, or
 - (b) a prohibition or requirement imposed by a condition of a licence or direction issued by virtue of section 15 in relation to a prohibition or requirement mentioned in paragraph (a).
- (8) Regulations may provide that a particular offence which is—
- (a) created by virtue of this section, and
 - (b) specified by the regulations,
- is an offence to which Chapter 1 of Part 2 of the Serious Organised Crime and Police Act 2005 (investigatory powers) applies.
- (9) Regulations may provide that a particular provision of the regulations which—
- (a) contains a prohibition or requirement imposed for a purpose mentioned in section 3(1) or (2), and
 - (b) is specified by the regulations,
- is to be regarded as not being financial sanctions legislation for the purposes of Part 8 of the Policing and Crime Act 2017 (financial sanctions: monetary penalties).

18 Report in respect of offences in regulations

- (1) In this section “relevant regulations” means regulations under section 1 which create any offence for the purposes of—
- (a) the enforcement of any prohibitions or requirements imposed by or under regulations under section 1, or
 - (b) preventing any such prohibitions or requirements from being circumvented.
- (2) The appropriate Minister making any relevant regulations (“the Minister”) must at the required time lay before Parliament a report which—
- (a) specifies the offences created by the regulations, indicating the prohibitions or requirements to which those offences relate,
 - (b) states that the Minister considers that there are good reasons for those prohibitions or requirements to be enforceable by criminal proceedings and explains why the Minister is of that opinion, and
 - (c) in the case of any of those offences which are punishable with imprisonment—
 - (i) states the maximum terms of imprisonment that apply to those offences,
 - (ii) states that the Minister considers that there are good reasons for those maximum terms, and
 - (iii) explains why the Minister is of that opinion.
- (3) Subsection (4) applies where an offence created by the regulations relates to a particular prohibition or requirement and the Minister considers that a good reason—
- (a) for that prohibition or requirement to be enforceable by criminal proceedings, or
 - (b) for a particular maximum term of imprisonment to apply to that offence,
- is consistency with another enactment relating to the enforcement of a similar prohibition or requirement.
- (4) The report must identify that other enactment.

- (5) In subsection (3) “another enactment” means any provision of or made under an Act, other than a provision of the regulations to which the report relates.
- (6) In subsection (2) “the required time” means—
- (a) in the case of regulations contained in a statutory instrument which is laid before Parliament after being made, the same time as the instrument is laid before Parliament;
 - (b) in the case of regulations contained in a statutory instrument a draft of which is laid before Parliament, the same time as the draft is laid.
- (7) This section applies to regulations which amend other regulations under section 1 so as to create an offence as it applies to regulations which otherwise create an offence.

19 Enforcement: goods etc on ships

- (1) The provision that may be made by virtue of section 17(2) (enforcement of prohibitions or requirements) includes provision as to the powers and duties of prescribed persons in relation to—
- (a) British ships in foreign waters or international waters,
 - (b) ships without nationality in international waters, and
 - (c) foreign ships in international waters.
- (2) Regulations may make provision by virtue of this section only for the purpose of enforcing relevant prohibitions or requirements.
- (3) A prohibition or requirement is a “relevant prohibition or requirement” for the purposes of this section if it is—
- (a) a prohibition or requirement specified by the regulations which is imposed by regulations for a purpose mentioned in any of paragraphs 2 to 7, 15(a), (b) or (c) or 16(a) of Schedule 1, or
 - (b) a prohibition or requirement imposed by a condition of a licence or direction issued by virtue of section 15 in relation to a prohibition or requirement mentioned in paragraph (a).
- (4) The powers that may be conferred by virtue of this section include powers to—
- (a) stop a ship;
 - (b) board a ship;
 - (c) require any person found on a ship boarded by virtue of this section to provide information or produce documents;
 - (d) inspect and copy such documents or information;
 - (e) stop any person found on such a ship and search that person for—
 - (i) prohibited goods, or
 - (ii) any thing that might be used to cause physical injury or damage to property or to endanger the safety of any ship;
 - (f) search a ship boarded by virtue of this section, or any thing found on such a ship (including cargo), for prohibited goods;
 - (g) seize goods found on a ship, in any thing found on a ship, or on any person found on a ship (but see subsection (8));
 - (h) for the purpose of exercising a power mentioned in paragraph (e), (f) or (g), require a ship to be taken to, and remain in, a port or anchorage in the United Kingdom or any other country willing to receive it.

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- (5) Regulations that confer a power mentioned in subsection (4)(a) to (f) or (h) must provide that a person may not exercise the power in relation to a ship unless the person has reasonable grounds to suspect that the ship is carrying prohibited goods (and the regulations need not require the person to have reasonable grounds to suspect that an offence is being or has been committed).
- (6) Regulations that confer a power mentioned in subsection (4)(e)(i) or (f) must provide that the power may be exercised only to the extent reasonably required for the purpose of discovering prohibited goods.
- (7) Regulations that confer a power mentioned in subsection (4)(e)(ii) on a person (“the officer”) may permit the search of a person only where the officer has reasonable grounds to believe that that person might use a thing in a way mentioned in subsection (4)(e)(ii).
- (8) Regulations that confer a power mentioned in subsection (4)(g) on a person—
- (a) must provide for the power to be exercisable on a ship only where that person is lawfully on the ship (whether in exercise of powers conferred by virtue of this section or otherwise), and
 - (b) may permit the seizure only of—
 - (i) goods which that person has reasonable grounds to suspect are prohibited goods, or
 - (ii) things within subsection (4)(e)(ii).
- (9) Regulations that confer a power on a person by virtue of this section may authorise that person to use reasonable force, if necessary, in the exercise of the power.
- (10) Regulations that confer a power by virtue of this section must provide that—
- (a) the power may be exercised in relation to a British ship in foreign waters only with the authority of the Secretary of State, and
 - (b) in relation to foreign waters other than the sea and other waters within the seaward limits of the territorial sea adjacent to any relevant British possession, the Secretary of State may give authority only if the State in whose waters the power would be exercised consents to the exercise of the power.
- (11) Regulations that confer a power by virtue of this section must provide that—
- (a) the power may be exercised in relation to a foreign ship only with the authority of the Secretary of State, and
 - (b) the Secretary of State may give authority only if—
 - (i) the home state has requested the assistance of the United Kingdom for the purpose of enforcing relevant prohibitions or requirements,
 - (ii) the home state has authorised the United Kingdom to act for that purpose, or
 - (iii) the United Nations Convention on the Law of the Sea 1982 (Cmnd 8941) or a UN Security Council Resolution otherwise permits the exercise of the powers in relation to the ship.
- (12) The reference in subsection (11) to the United Nations Convention on the Law of the Sea includes a reference to any modifications of that Convention agreed after the passing of this Act that have entered into force in relation to the United Kingdom.
- (13) In this section—

“arrangements” includes any agreement, understanding, scheme, transaction or series of transactions (whether or not legally enforceable);

“British ship” means a ship falling within paragraph (a), (c), (d) or (e) of section 7(12);

“foreign ship” means a ship which—

- (a) is registered in a State other than the United Kingdom, or
- (b) is not so registered but is entitled to fly the flag of a State other than the United Kingdom;

“foreign waters” means the sea and other waters within the seaward limits of the territorial sea adjacent to any relevant British possession or State other than the United Kingdom;

“goods” includes technology within the meaning of Schedule 1 (see paragraph 37 of that Schedule);

“home state”, in relation to a foreign ship, means—

- (a) the State in which the ship is registered, or
- (b) the State whose flag the ship is otherwise entitled to fly;

“international waters” means waters beyond the territorial sea of the United Kingdom or of any other State or relevant British possession;

“prohibited goods” means goods which have been, or are being, dealt with in contravention of a relevant prohibition or requirement (see subsection (3));

“regulations” means regulations under section 1;

“relevant British possession” has the same meaning as in section 7 (see subsection (14) of that section);

“ship” has the same meaning as in section 7 (see subsection (14) of that section);

“ship without nationality” means a ship which—

- (a) is not registered in, or otherwise entitled to fly the flag of, any State or relevant British possession, or
- (b) sails under the flags of two or more States or relevant British possessions, or under the flags of a State and relevant British possession, using them according to convenience.

(14) In the definition of “prohibited goods” in subsection (13), the reference to goods dealt with in contravention of a relevant prohibition or requirement includes a reference to a case where—

- (a) arrangements relating to goods have been entered into that have not been fully implemented, and
- (b) if those arrangements were to be fully implemented, the goods would be dealt with in contravention of that prohibition or requirement.

20 Goods etc on ships: non-UK conduct

(1) Regulations may make provision conferring on prescribed persons powers exercisable—

- (a) in relation to—
 - (i) British ships in foreign waters or international waters,
 - (ii) ships without nationality in international waters, and
 - (iii) foreign ships in international waters,
- (b) for the purpose of—

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- (i) investigating the suspected carriage of relevant goods on such ships, or
 - (ii) preventing the continued carriage on such ships of goods suspected to be relevant goods.
- (2) The powers that may be conferred by virtue of this section include powers to—
- (a) stop a ship;
 - (b) board a ship;
 - (c) require any person found on a ship boarded by virtue of this section to provide information or produce documents;
 - (d) inspect and copy such documents or information;
 - (e) stop any person found on such a ship and search that person for—
 - (i) relevant goods, or
 - (ii) any thing that might be used to cause physical injury or damage to property or to endanger the safety of any ship;
 - (f) search a ship boarded by virtue of this section, or any thing found on such a ship (including cargo), for relevant goods;
 - (g) seize goods found on a ship, in any thing found on a ship, or on any person found on a ship (but see subsection (6));
 - (h) for the purpose of exercising a power mentioned in paragraph (e), (f) or (g), require a ship to be taken to, and remain in, a port or anchorage in the United Kingdom or any other country willing to receive it.
- (3) Regulations that confer a power mentioned in subsection (2)(a) to (f) or (h) must provide that a person may not exercise the power in relation to a ship unless the person has reasonable grounds to suspect that the ship is carrying relevant goods.
- (4) Regulations that confer a power mentioned in subsection (2)(e)(i) or (f) must provide that the power may be exercised only to the extent reasonably required for the purpose of discovering relevant goods.
- (5) Regulations that confer a power mentioned in subsection (2)(e)(ii) on a person (“the officer”) may permit the search of a person only where the officer has reasonable grounds to believe that that person might use a thing in a way mentioned in subsection (2)(e)(ii).
- (6) Regulations that confer a power mentioned in subsection (2)(g) on a person—
- (a) must provide for the power to be exercisable on a ship only where that person is lawfully on the ship (whether in exercise of powers conferred by virtue of this section or otherwise), and
 - (b) may permit the seizure only of—
 - (i) goods which that person has reasonable grounds to suspect are relevant goods, or
 - (ii) things within subsection (2)(e)(ii).
- (7) Regulations that confer a power on a person by virtue of this section may authorise that person to use reasonable force, if necessary, in the exercise of the power.
- (8) Regulations that confer a power by virtue of this section must provide that—
- (a) the power may be exercised in relation to a British ship in foreign waters only with the authority of the Secretary of State, and

- (b) in relation to foreign waters other than the sea and other waters within the seaward limits of the territorial sea adjacent to any relevant British possession, the Secretary of State may give authority only if the State in whose waters the power would be exercised consents to the exercise of the power.
- (9) Regulations that confer a power by virtue of this section must provide that—
- (a) the power may be exercised in relation to a foreign ship only with the authority of the Secretary of State, and
 - (b) the Secretary of State may give authority only if—
 - (i) the home state has requested the assistance of the United Kingdom for a purpose mentioned in subsection (1)(b),
 - (ii) the home state has authorised the United Kingdom to act for such a purpose, or
 - (iii) the United Nations Convention on the Law of the Sea 1982 (Cmnd 8941) or a UN Security Council Resolution otherwise permits the exercise of the powers in relation to the ship.
- (10) The reference in subsection (9) to the United Nations Convention on the Law of the Sea includes a reference to any modifications of that Convention agreed after the passing of this Act that have entered into force in relation to the United Kingdom.
- (11) In this section—
- “regulations” means regulations under section 1;
 - “relevant goods” means goods in relation to which relevant non-UK conduct is occurring or has occurred;
 - “relevant non-UK conduct” means conduct outside the United Kingdom by a person other than a United Kingdom person that would constitute a contravention of a relevant prohibition or requirement if the conduct had been—
 - (a) in the United Kingdom, or
 - (b) by a United Kingdom person;
 - “relevant prohibition or requirement” has the same meaning as in section 19 (see subsection (3) of that section);
 - “United Kingdom person” has the same meaning as in section 21 (see subsection (2) of that section).
- (12) In the definition of “relevant non-UK conduct” in subsection (11), the reference to conduct that would constitute a contravention of a relevant prohibition or requirement if the conduct had been in the United Kingdom or by a United Kingdom person includes a reference to a case where—
- (a) arrangements relating to goods have been entered into that have not been fully implemented, and
 - (b) if those arrangements were to be fully implemented (and if the conduct had been in the United Kingdom or by a United Kingdom person) the goods would be dealt with in contravention of that prohibition or requirement.
- (13) In this section, the following expressions have the same meaning as in section 19—
- “arrangements”,
 - “British ship”,
 - “foreign ship”,
 - “foreign waters”,

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“goods”,
“home state”,
“international waters”,
“relevant British possession”,
“ship”, and
“ship without nationality”.

21 Extra-territorial application

- (1) Prohibitions or requirements may be imposed by or under regulations under section 1 in relation to—
 - (a) conduct in the United Kingdom or in the territorial sea by any person;
 - (b) conduct elsewhere, but only if the conduct is by a United Kingdom person.
- (2) In subsection (1) “United Kingdom person” means—
 - (a) a United Kingdom national, or
 - (b) a body incorporated or constituted under the law of any part of the United Kingdom.
- (3) For this purpose a United Kingdom national is an individual who is—
 - (a) a British citizen, a British overseas territories citizen, a British National (Overseas) or a British Overseas citizen,
 - (b) a person who under the British Nationality Act 1981 is a British subject, or
 - (c) a British protected person within the meaning of that Act.
- (4) Her Majesty may by Order in Council provide for this section to have effect as if the list of persons in subsection (2) included a body incorporated or constituted under the law of any of the following named in the Order—
 - (a) any of the Channel Islands;
 - (b) the Isle of Man;
 - (c) any of the British overseas territories.
- (5) In this section “conduct” includes acts and omissions.
- (6) Nothing in this section limits the provision that may be made in regulations under section 1 by virtue of section 19 or 20.