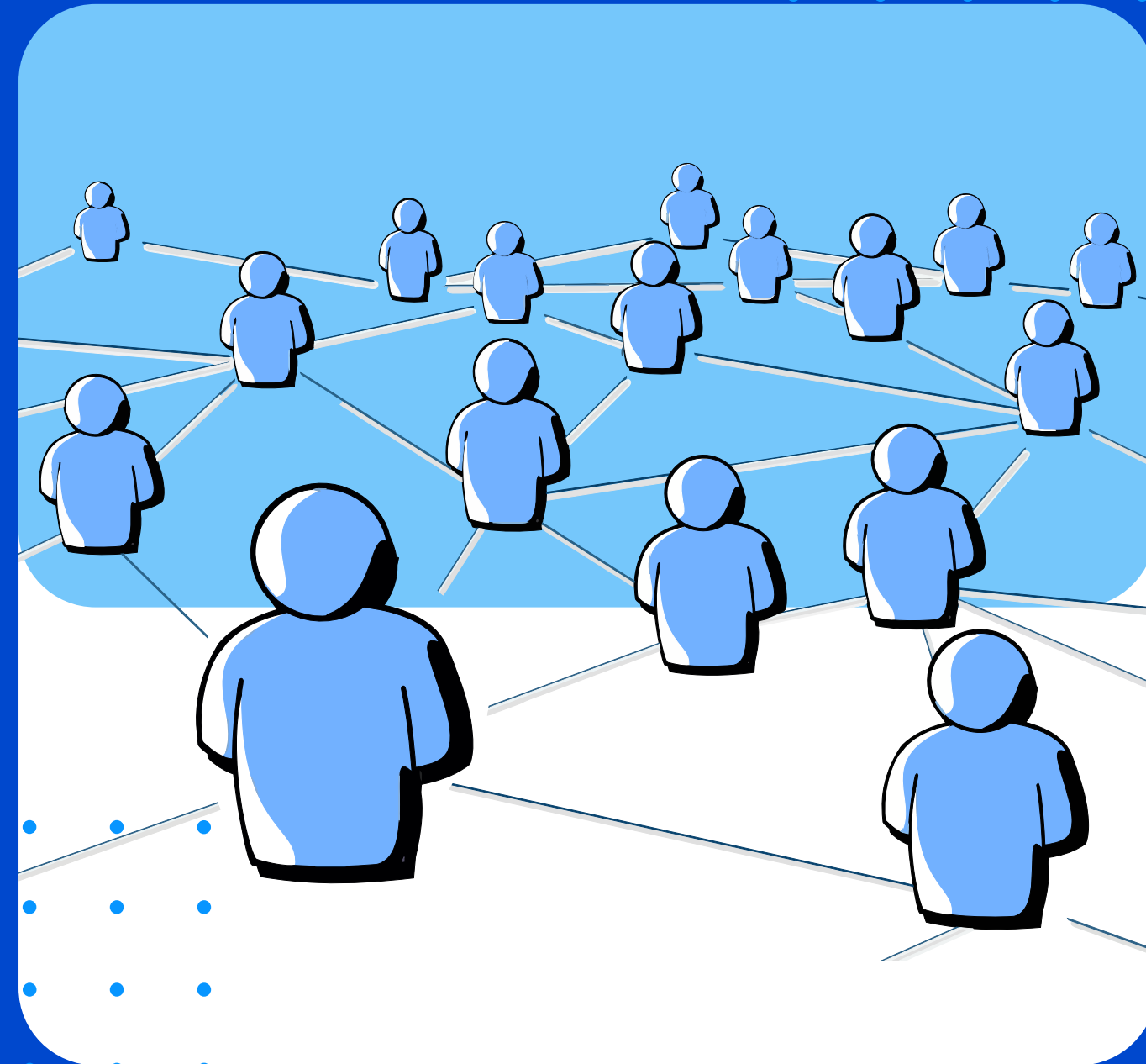




# Understanding TFS: Terrorism and Terrorist Financing (TF).

CFATF Secretariat Research Desk  
July 30th, 2021.





# What is a sanction?

## Chapter VII, Article 41 of the United Nations:

"The Security Council may decide what measures not involving the use of armed force are to be employed to give effect to its decisions, and it may call upon the Members of the United Nations to apply such measures. These may include complete or partial interruption of economic relations and of rail, sea, air, postal, telegraphic, radio, and other means of communication, and the severance of diplomatic relations."





# Targeted sanctions

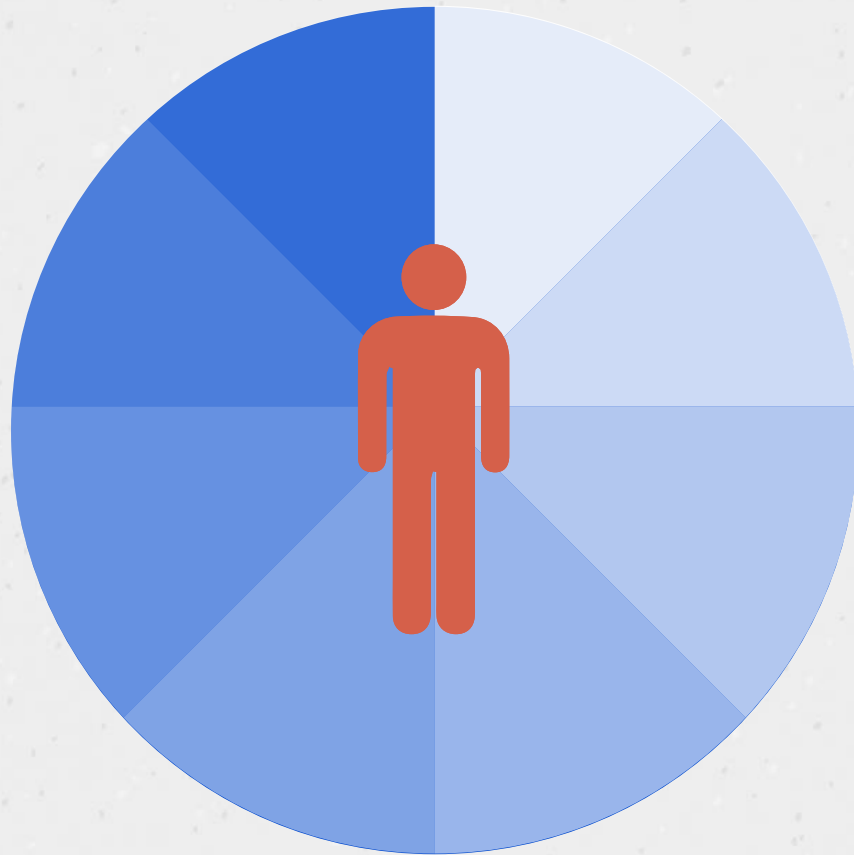
As of 2004, all new sanctions regimes have been **targeted**, meaning that they are intended to have limited, strategic focus on certain individuals, entities, groups or undertakings.

This limits unintended consequences to the population and adverse economic impact on countries that are not under a sanction regime.





## Targeted Financial Sanctions (TFS)

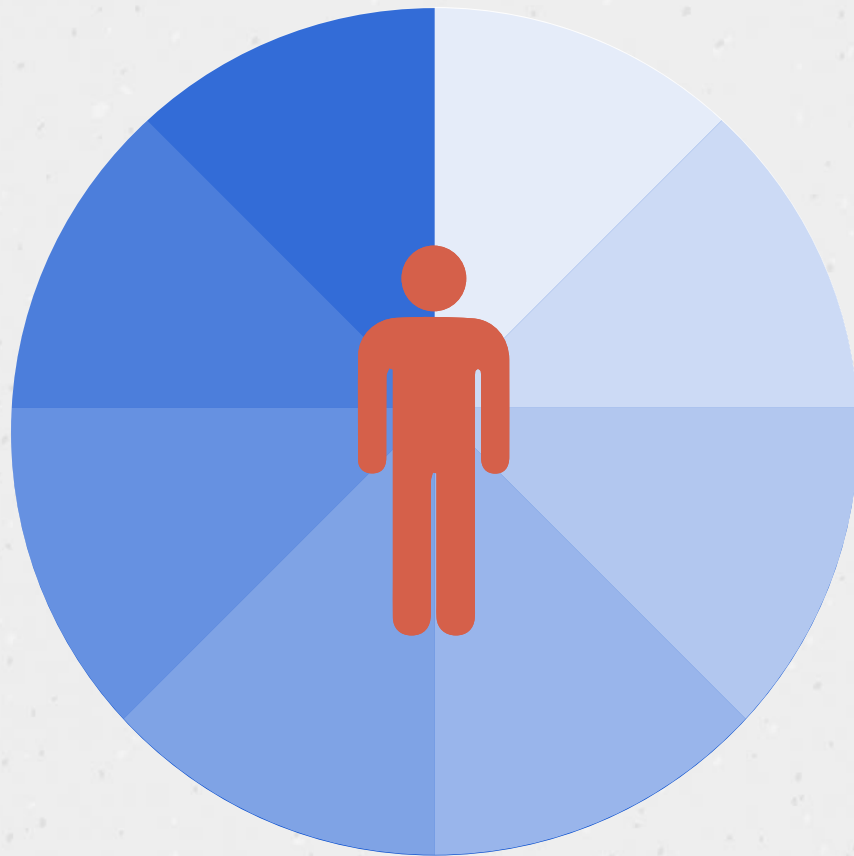


**Refers to both asset freezing and prohibitions to prevent funds or other assets from being made available, directly or indirectly, for the benefit of designated persons and entities.**





## Targeted Financial Sanctions (TFS)



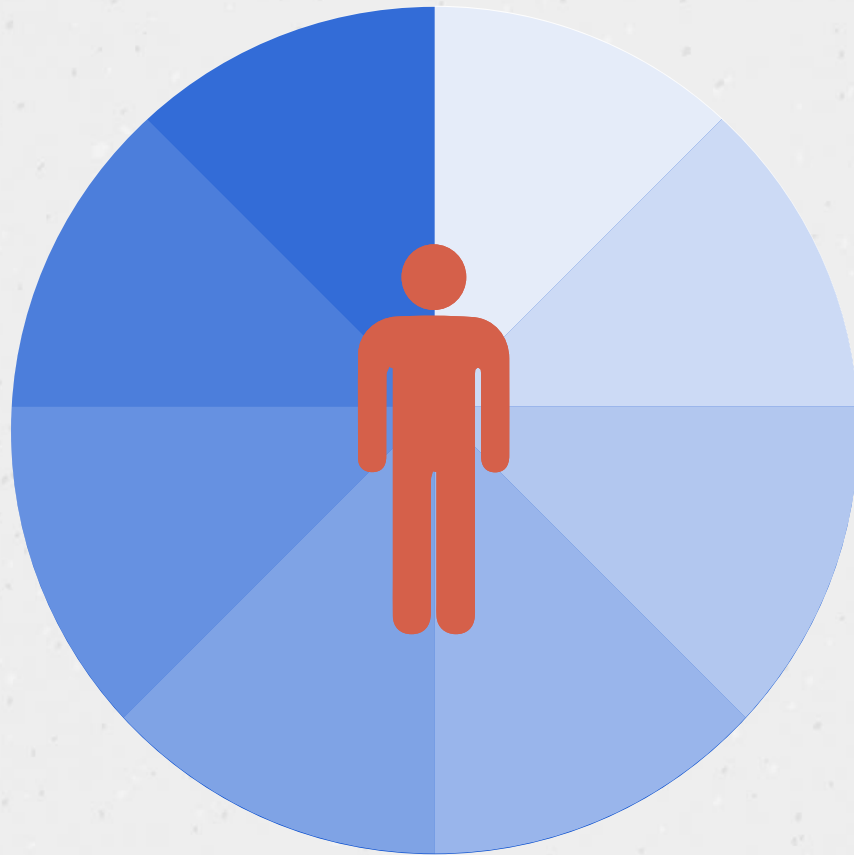
The main goal is to establish **preventive** measures to ensure that funds or assets are not used by the designated person or entity. The objective is to immobilize funds, not to transfer ownership.







## Targeted Financial Sanctions (TFS) focus on:



- Freezing of funds and assets without delay.
- Prohibit dealing in funds or assets of designated persons under:
  - The authority of the UNSC under Chapter VII of the Charter of the UN:
    - including UNSCR 1267 (1999) and successor resolutions\* *and any future UNSCRs which impose targeted financial sanctions in the TF context.*
  - UNSCR 1373 (2001).

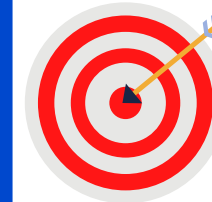
\*At the time of issuance of the FATF Interpretive Note, (February 2012), the successor resolutions to resolution 1267 (1999) are resolutions: 1333 (2000), 1363 (2001), 1390 (2002), 1452 (2002), 1455 (2003), 1526 (2004), 1617 (2005), 1730 (2006), 1735 (2006), 1822 (2008), 1904 (2009), 1988 (2011), and 1989 (2011).



## Recommendation 6

### Targeted Financial Sanctions: Terrorism and Terrorist Financing

#### Identifying and Designating Persons and Entities Financing or Supporting Terrorist Activities



Designations related to Al-Qaida are made by the 1267 Committee and designations for the Taliban by the 1988 Committee.



Designations for UNSCR 1373 (2001) are made at the (supra)national by a country or on request of another country once supported by reasonable grounds/basis.



Countries must have authority, effective measures to identify and initiate proposals for designation according to UNSCR 1267 and its successors as well as UNSCR 1373 (2001).





## Recommendation 6

### Targeted Financial Sanctions: Terrorism and Terrorist Financing

#### Identifying and Designating Persons and Entities Financing or Supporting Terrorist Activities



Regime to implement UNSCR 1267 (1999) and its successors and 1373(2001) should include:



Competent Authority (CA) for proposing persons or entities that meet the criteria for designation to the relevant Committee/s and for domestic designation.



Mechanisms to identify targets for designation based on the relevant criteria, including actions initiated under the freezing mechanisms of other countries. Reasonable grounds/basis applies for effective cooperation.







## Recommendation 6

### Targeted Financial Sanctions: Terrorism and Terrorist Financing

#### Identifying and Designating Persons and Entities Financing or Supporting Terrorist Activities



CAs with legal authorities, procedures/mechanisms to collect all relevant information possible regarding a proposed designation.



Application of an evidentiary proof of “reasonable grounds/basis” to determine if a designation proposal should be made. This should not be based on the existence of a criminal proceeding.



Following procedures, standard forms, relevant information, provide statement of case as required for the relevant designation Committee.

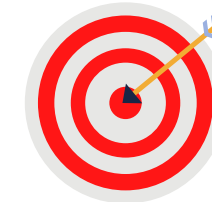




## Recommendation 6

### Targeted Financial Sanctions: Terrorism and Terrorist Financing

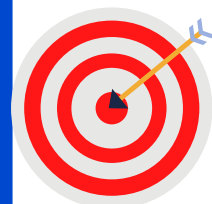
#### Freezing and Prohibiting Dealing in Funds or Other Assets of Designated Persons and Entities



Countries are obligated to implement TFS without delay for designations under the 1267 and 1988 Committees.



For UNSCR 1373 (2001), countries are obligated to take freezing and prohibitions to prevent funds or other assets available, without delay.



Countries should have the necessary legal authority and identify CAs for implementing TFS according to procedures 6 (a) to (e) of INR. 6.

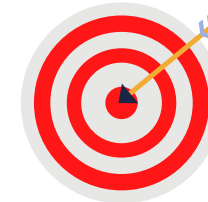




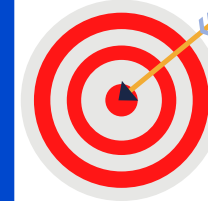
## Recommendation 6

### Targeted Financial Sanctions: Terrorism and Terrorist Financing

#### De-Listing, Unfreezing and Providing Access to Frozen Funds or Other Assets



Countries should develop and implement publicly known procedures for de-listing requests for designations under UNSCR 1267 (1999) and its successors. After de-listing, freezing of assets and funds ceases.



For UNSCR 1373 (2001), countries should have legal authority, procedures/mechanisms to de-list and unfreeze funds/assets.



Adopt effective, publicly known measures which protect the rights of bona fide third parties.

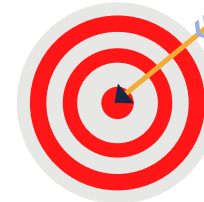




## Recommendation 6

### Targeted Financial Sanctions: Terrorism and Terrorist Financing

#### De-Listing, Unfreezing and Providing Access to Frozen Funds or Other Assets



Countries should allow access to funds or other assets from designated persons or entities to meet certain types of expenses, fees and charges.



Measures should be in place for a designated person or entity to challenge their designation.



Countries should have mechanisms for communicating de-listings and unfreezing to FIs and DNFBPs immediately.





## Recommendation 6

### Targeted Financial Sanctions: Terrorism and Terrorist Financing

United Nations Designation  
Criteria 1267 (1999), **1989 (2011)**  
and their successor resolutions.

Any person or entity participating in the financing, planning, facilitating, preparing, or perpetrating of acts or activities by, in conjunction with, under the name of, on behalf of, or in support of; supplying, selling or transferring arms and related materiel to; recruiting for; or otherwise supporting acts or activities of Al-Qaida, or any cell, affiliate, splinter group or derivative.







## Recommendation 6

### Targeted Financial Sanctions: Terrorism and Terrorist Financing

#### Security Council resolutions 1267 (1999), 1988 (2011) and their successor resolutions

Any person or entity participating in the financing, planning, facilitating, preparing, or perpetrating of acts or activities by, in conjunction with, under the name of, on behalf of, or in support of; supplying, selling or transferring arms and related materiel to; recruiting for; or otherwise supporting acts or activities of those designated and other individuals, groups, undertakings and entities associated with the Taliban in constituting a threat to the peace, stability and security of Afghanistan.





## Recommendation 6

### Targeted Financial Sanctions: Terrorism and Terrorist Financing

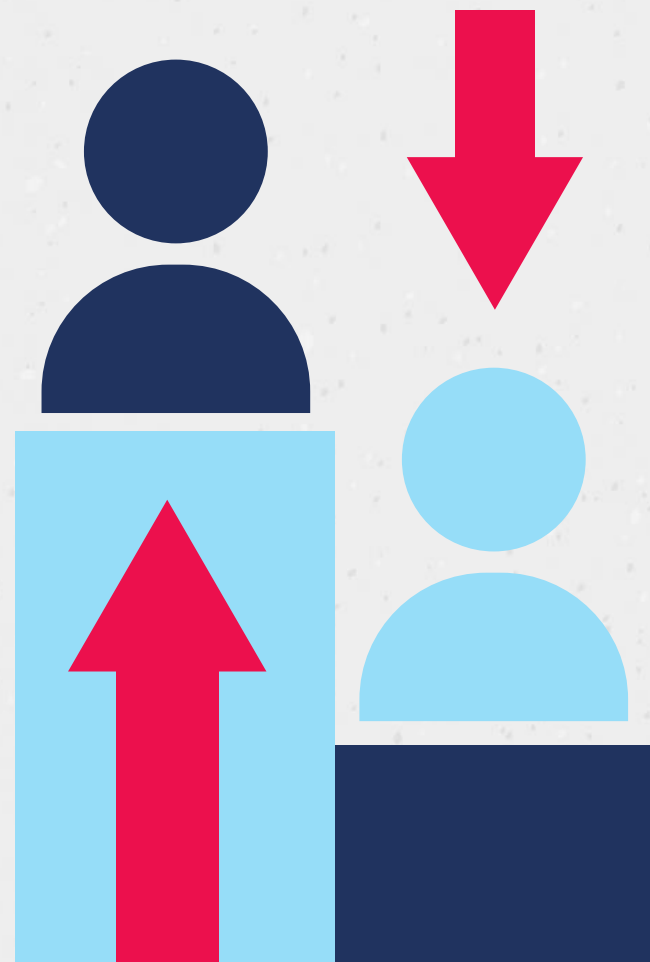
#### Security Council resolution 1373 (2001)

1. any person or entity who commits or attempts to commit terrorist acts, or who participates in or facilitates the commission of terrorist acts;
2. any entity owned or controlled, directly or indirectly, by any person or entity designated under subsection 13(c) (i) of this subparagraph; or
3. any person or entity acting on behalf of, or at the direction of, any person or entity designated under subsection 13(c) (i) of this subparagraph.





## Without Delay



- Ideally means within a matter of hours.
- For UNSCR 1373, the term is based on having reasonable grounds to suspect or believe a person or entity:
  - Is a terrorist
  - Is a terrorist organisation
  - Finances terrorism
- Meant to prevent the flight or dissipation of funds or other assets linked to terrorists and terrorism.





## Linkage between TFS and TF Risks.

TF risks identified should be consistent with:



Number of persons and/ or entities on sanctions committees identified.



Accounts/funds/assets frozen.



Designations made under UNSCR 1373 mechanisms.

# Thank you!

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