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2018-N-020
9 April 2018

Update to U.S. OFAC Sanctions List: Impact on Settlement Activity

Target audience <ul style="list-style-type: none">• Operations teams• Compliance officers	Highlights <p>Information in relation to new sanctions issued by the US Department of the Treasury's Office of Foreign Assets Control (OFAC)</p>	Actions <p>Participants (and any other underlying entity) to ensure due diligence and compliance with the sanctions</p>
Effective date <p>Immediately</p>		

On **Friday, 6 April 2018** the US Department of the Treasury's Office of Foreign Assets Control (OFAC) updated its [list](#) of Specially Designated Nationals and Blocked Persons. The actions by OFAC were pursuant to authority provided under Executive Order (E.O.) 13661 and E.O. 13662, authorities codified by the Countering America's Adversaries Through Sanctions Act (CAATSA), as well as E.O. 13582.

All assets subject to US jurisdiction of the designated individuals and entities, and of any other entities blocked by operation of law as a result of their ownership by a sanctioned party, are frozen, and US persons are generally prohibited from dealings with them.

Additionally, non-US persons could face sanctions for knowingly facilitating significant transactions for or on behalf of the individuals or entities sanctioned on 6 April 2018.

At the same time OFAC has issued two general licenses to minimize immediate disruptions. For details, see General Licenses [12](#) and [13](#) ('GL 12' and 'GL 13'), as well as related [FAQs](#).

What does it mean for you?

We have identified in the Euroclear System some securities issued by or otherwise linked to some of the entities sanctioned on 6 April 2018 and by their subsidiaries (50 percent rule).



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You can find a list of impacted securities by following this [link](#). We kindly advise you to check regularly this link as additional securities may be added if other impacted securities are identified.

For impacted securities that are subject to OFAC rules, Participant diligence is required to ensure and confirm to us (via an MT599 for each transaction) that any transaction on those securities falls under the scope of permitted activities under GL 13 and it is therefore not in violation of OFAC sanctions.

We are therefore implementing measures to monitor that any transfer of the impacted securities takes place within the limits of permitted activities under GL 13. For this purpose, processing of instructions on the impacted securities will be excluded from straight-through processing and such instructions would be suspended until the necessary due diligence checks are performed.

Settlement instructions for the impacted securities will be treated as manual instructions and therefore the input deadline is set at S-1 at 10:00 a.m. When sending an instruction, Participants are also required to complete and provide an MT599 in the format specified in Annex 1. The MT599 is required to confirm that the transaction meets the necessary requirements of GL 13. Please note that this information will be required from both parties of the transactions for internal transactions. For cross-border transactions this information is required for you as instructing party.

Additionally, the input of instructions on the impacted securities will not be possible from 16:00 to 18:00 every day.

We kindly remind you that in accordance with section 3.1.1 of the Operating Procedures of the Euroclear System, Euroclear Bank may suspend and/or block your instructions if they require manual investigation as part of our compliance policy (including for, but not limited to, the purposes of compliance with sanctions and/or anti-money laundering risks).

We will not take any liability for any damage or loss resulting from such investigation and/or delay in processing of your instruction due to such investigation. If we obtain sufficient comfort that your instructions fall within the permitted activities, then such instructions would be allowed to continue their processing cycle. If it is not the case, then your instructions would be rejected.

In addition to the actions and measures we have taken, we expect you, as our Participant (and any other underlying entity), to also ensure due diligence and compliance with the sanctions, as they should be respected in every step throughout the custody chain.

Who to contact

For any further information concerning the content of this Newsletter:

Contact	Contact details
Account Management	+32 (0)2 326 2812

Annex 1

When sending an instruction, Participants are required to complete and provide an MT 599 in the format below. The MT599 is required to confirm that the transaction meets the necessary requirements of GL 13.

MT 599 required format

We hereby confirm that the transfer of [number of units] units of security [ISIN and name of security] from our Euroclear Bank account [account number] with Euroclear reference [Euroclear reference] does not represent a transaction or activity prohibited by the Ukraine Related Sanctions Regulations, 31 C.F.R. part 589 and it falls under the permitted activities under General License 13 Authorising Certain Transactions Necessary to Divest or Transfer Debt, Equity or Other Holdings in Certain Blocked Persons.

To that extent we confirm that:

1. the purpose of this transaction is to transfer the securities mentioned above to [name of receiving party] who is not a US person
2. it does not represent or otherwise facilitate a transaction with, directly or indirectly, any person whose property and interests in property are blocked pursuant to Regulation 31 C.F.R. part 589
3. the transaction does not involve the property or interest in property of any person subject to Regulation 31 C.F.R. part 589
4. none of the underlying agreements or contracts incident to this transaction have been signed or otherwise authorised by a Specially Designated Nationals.