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# Sanctions: Fortnightly Summary

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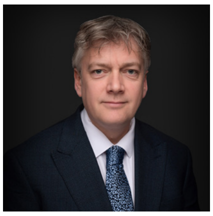

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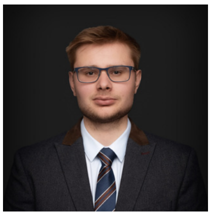

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Welcome to BCL's latest sanctions round-up, highlighting the key developments in UK and US sanctions.

This edition covers, among other things, the latest measures in UK sanctions enforcement the publication of OTSI's Annual Review, and the launch of the US' Operation Economic Outcast, targeting Iran.

## UK Sanctions

### Policy Developments

**UK commits to further Russia sanctions [Co-chair's statement of the Coalition of the Willing]**

- On 24 August, Downing Street announced that the "Coalition of the Willing" (a group comprising Ukraine and its European allies) met in Kyiv and via video conference and committed to "ratchet up sanctions" against Russia's military-industrial complex and those supporting it.

- The statement also commits the coalition to:
  - continuing to constrain Russia's war chest;
  - clamping down on sanctions circumvention;
  - targeting Russia's Shadow Fleet; and
  - coordinating further economic pressure with the US.

- The statement claims that sanctions and other economic measures have deprived "Russia's war chest" of at least $495 billion since February 2022. The new UK Prime Minister's, meeting with President Zelenskyy referred to discussions on economic resilience and support for Ukraine's critical infrastructure and businesses.

**UK Chancellor makes a statement on Iran sanctions [HM Treasury statement]**

- On 25 August, the Chancellor of the Exchequer, John Healey, issued a statement on Iran sanctions, confirming that the UK has imposed more than 240 sanctions measures on Iran since the government took office and will continue working with the US and other international partners to increase economic pressure on the Iranian regime.

- The statement highlighted concerns over what it called Iran's exploitation of the global economy, its abuse of the UK financial system to advance its nuclear programme, and its wider destabilising activities, including its activity in and around the Strait of Hormuz. The UK also expressed support for US efforts to secure a diplomatic solution and referred to increased pressure through "Operation Economic Outcast".

**UK Chancellor and National Crime Agency issue "first ever nationwide alert against A7" Network [Press release]**

- On 31 August, a joint press release was issued by HM Treasury, the National Crime Agency (NCA) and the Chancellor, John Healy, announcing a first ever nationwide alert against the A7 network, said to be a "crypto and illicit finance network" used to "circumvent UK sanctions".

- The purpose of the nationwide alert is to support the private sector in bearing down on sanctions evasion and ensure the effectiveness of sanctions on Russia.

## Enforcement

### UK holding company of TikTok self-reports possible sanctions breaches [Lexology]

- On 19 August, TikTok Information Technologies UK Limited, the operating entity for TikTok in the United Kingdom, published its Group accounts which revealed that it in April 2026 the Group had self-reported potential failures of sanctions compliance to the Central Bank of Ireland (CBI), the Office of Financial Sanctions Implementation (OFSI) and other regulators on a preliminary basis.

- Whilst this news is being reported by various outlets, the investigation remains ongoing and TikTok says it is unable to disclose what the potential breaches may relate to.

### The NCA achieves forfeiture of $5.2million from an agricultural company suspected of money laundering and sanctions evasion [Press release]

- On 27 August, the NCA announced that following a civil recovery investigation into suspected proceeds of money laundering and sanctions evasion by ENEX Premium Trading Limited (ENEX), an agricultural company owned by an Azerbaijani national and registered in St Kitts and Nevis, ENEX had agreed to forfeit more than $5.2 million (£3.84m).

- ENEX describes itself as an agricultural trading and logistical company involved in handling, transportation and financing of grains, oilseeds and oilseed meals. According to the NCA, ENEX transferred significant funds into recently opened UK accounts between July and September 2024, with Nadir Valiyev, the owner of ENEX, stating that the source of funds was from his personal wealth, earnings, and trade structures.

- It was reported in 2024 that Nadir Valiyev's companies had been involved in the shipment of stolen Ukrainian grain, following which, the NCA obtained Account Freezing Orders over the funds in ENEX's account in November 2024.

- The NCA's subsequent investigation into the source of funds identified a network of suspected front companies and bank accounts which it said were being used to facilitate transactions through UK Electronic Money Institutions (EMIs) to be converted into cryptocurrency. It traced the frozen funds from suspected front companies to ENEX's Chinese bank accounts.

- The companies that paid into ENEX's Chinese accounts have since been designated under US sanctions for facilitating Iranian Oil sales and revenue and for sending funds to Iran's QODS Force.

- Mr Valiyev has denied engaging in criminal activity but has agreed to forfeit the funds. The settlement between ENEX, Valiyev and the NCA does not amount to an admission of unlawful conduct and does not amount to evidence of criminal conduct.

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**Enforcement notice against Russian-flagged cargo vessel, Sinegorsk [Enforcement Notice]**

- On 27 August, the Department of Transport (DfT) and the Maritime and Coastguard Agency (MCA) published an enforcement notice stating that on 28 January 2026, the Secretary of State for Transport had issued a movement direction to a Russian-flagged, registered and operated cargo vessel, Sinegorsk, in accordance with regulation 57C of the Russia (Sanctions) (EU Exit) Regulations 2019 (the Russia Regulations). The direction was delivered by the MCA.

- On 27 January 2026, Sinegorsk had reported that it had a small hull defect and, due to adverse weather conditions, stated an intention to anchor in a sheltered area of UK waters to carry out these repairs. Upon investigation by the Centre for Transport Sanctions (part of DfT), it concluded that the vessel was Russian-flagged, registered and operated by a company incorporated in Russia and therefore was in scope of Regulation 57C of the Russia Regulations. With the vessel being within the scope of transport sanctions and that it was regarded as being in UK internal waters, the Secretary of State for Transport decided to issue a movement direction to the vessel.

- Sinegorsk complied with the direction, left UK internal waters, and proceeded to the destination stipulated in the movement direction. It then left the UK's territorial sea.

**Trade Sanctions**

**Office of Trade Sanctions Implementation (OTSI) publishes its Annual Review for 2025-2026 [OTSI's Annual Review 2025/26]**

- On 27 August, the Office of Trade Sanctions Implementation (OTSI) published its Annual Review focusing on key statistics and trends covering the period 1 April 2025 to 31 March 2026. This Annual Review builds upon OTSI's **One Year in Review Update** published in December 2025. The key takeaways from the Annual Review are as follows:

- Enforcement:
  - OTSI has not imposed any civil monetary penalties since being launched in October 2024. However, OTSI has noted that it ended 2025/26 with a "substantial number of investigations into potential breaches at an advanced stage". It expects to reach decision points for its active investigations in 2026/27, noting that the length of time for a case to reach completion will vary depending on the complexity of the case.

  - At the date of publication of its Annual Review, OTSI notes that during 2025/26, it received a total of 178 suspected breach reports or referrals relating to potential breaches of trade sanctions.

  - Suspected breaches relating to the Russia Regulations were the most common, with 156 reports received relating to suspected breaches, with the Belarus and Iran equivalents trailing far behind with 4 reports each.

  - OTSI has noted that a total of 111 suspected breach reports (62%) were reported by sectors to which a mandatory reporting obligation currently applies, 25 suspected breach reports were made on a voluntary basis, 23 suspected breach reports were referrals by other governmental departments or agencies and a total of 19 suspected breach reports came from “other sources”.

- OTSI has stated that it has closed a total of 104 cases, with 41 cases investigated resulting in an outcome of no breach and no further action being taken. 40 cases were closed by OTSI and referred to HMRC for a range of reasons (including criminal enforcement consideration or where potential breaches predated OTSI’s enforcement powers), and 7 were referred to other governmental departments / agencies.

- Licensing:

  - During the financial year April 2025 to March 2026, OTSI received 51 licence applications (15 in Q1, 10 in Q2, 19 in Q3 and 7 in Q4) with 50 relating to the Russia Regulations and 1 application relating to the Iran equivalent. OTSI says the majority of the licence applications relating to the Russia regime concerned the planned provision of professional and business services.

  - Out of the 51 licence applications received by OTSI, the majority were made by the medical & pharmaceutical sector (12), the legal services sector (11) and the food production & distribution sector (7).

  - Additionally, OTSI announced that the average (mean) completion time for completing a licence application in the 2025/26 financial year was 96 working days, with the median completion time for concluding a licence application being 89 working days.

  - Finally, OTSI announced that it had closed 39 licence applications, outlining that of the licence applications considered by OTSI, 17 licences were granted and 2 were refused.

- OTSI’s future commitments:

  - For the period 2026/27, OTSI states that its priorities will be on:
    - supporting industry compliance through expansion of its licensing responsibilities (covering goods and ancillary services, from April 2026) and implementation of new sanctions (including those introduced in May 2026 relating to, amongst other things, maritime transportation of Russian Liquified Natural Gas);

    - tackling non-compliance and circumvention through SEUC powers;

    - developing its digital capabilities through the development of a case management system (CMS) to enable more efficient casework and improve the experience for businesses engaging with OTSI; and

    - maintaining transparency in its decision making by publishing information about its decisions and performance, enabling] businesses to better understand compliance expectations.

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**Sanctions List Updates**

**ISIL/Al-Qaida sanctions variations [FCDO Notice], [FCDO notice]**

- On 17 August, the Foreign Commonwealth & Development Office (FCDO) varied the designations of 6 individuals and 2 entities sanctioned under the ISIL (Da'esh) and Al-Qaida (United Nations Sanctions) (EU Exit) Regulations 2019 (ISIL and Al-Qaeda Regulations).

- On 20 August, the FCDO made a further 21 variations under the ISIL and Al-Qaeda Regulations.
- The variations amended the details of African-linked ISIL financing and facilitation networks, legacy Al-Qaeda leadership members, a regional ISIL-Khorasan faction situated in South Asia and long-standing Al-Qaeda/ISIL network entries spanning several regional affiliates.

- The changes related to administrative corrections including identifying information such as names, aliases, dates of birth, updated addresses, acknowledged deaths and added other details in accordance with the United Nations' periodic committee review.

**Afghanistan sanctions amendments and variation [FCDO Notice], [FCDO Notice]**

- On 27 August, the FCDO amended the designations of 2 individuals sanctioned under the Afghanistan (Sanctions) (EU Exit) Regulations 2020 (Afghanistan Regulations). Additionally, on 28 August, the FCDO varied the designation of 1 individual under the Afghanistan Regulations, following an update to the listing made by the United Nations Security Council Sanctions Committee.

- The variations amended the details of the heads of the Haqqani Network (a faction within the Taliban movement) and the Miram Shah Shura (its leadership council) (the latter reported to have died in 2018), and a Taliban member said to be involved in drug trafficking.

- The changes related to administrative corrections such as inclusion of updated passport numbers and place of birth.

## US sanctions developments

**OFAC launches Operation Economic Outcast [OFAC press release]**

- On 24 August, the US Treasury launched Operation Economic Outcast, a sanctions campaign designed to cut off Iran's global financial and economic lifelines.

- As part of the campaign, the Office of Foreign Assets Control (OFAC) issued sectoral sanctions determinations pursuant to **Executive Order (E.O.) 13902**, targeting specific sectors of the Iranian economy: digital assets, technology, gold, aviation, and shipping. These determinations are designed to significantly expand the Treasury's ability to impose sanctions on non-US persons operating in, or providing services in support of, these sectors. OFAC states that it can now sanction "any person, regardless of where they are located, that operates in [those] sectors of the Iranian economy".

- OFAC also sanctioned nearly 60 Iran-linked entities, individuals, and vessels said to be involved in nuclear and missile procurement, cyber operations and oil-related activities. In its Press Release, the Treasury stated that it had specifically targeted:

    - "A procurement scheme supporting Iran's Ministry of Defense and Armed Forces Logistics subordinates' procurement of proliferation-sensitive technology and equipment for ballistic missile development and nuclear research;

    - A malicious cyber group directed by Iran's Ministry of Intelligence and Security (MOIS) that is responsible for extensive compromises of U.S. critical infrastructure and financially motivated cyber theft; and

    - A network of brokers, companies, and shadow fleet vessels operating across the United Arab Emirates (UAE), Hong Kong, China, Singapore, Switzerland, Europe, and other regions to transport Iranian oil and channel revenue to the Islamic Revolutionary Guard Corps-Qods Force (IRGC QF) and other regime elements."

**Operation Economic Outcast targets Iran's access to UAE banks [OFAC press release]**

- On 28 August, the US Treasury's Financial Crimes Enforcement Network (FinCEN) proposed a Notice of Proposed Rulemaking (NPRM) that would revoke Banque Misr UAE's correspondent banking access to US financial institutions, as it is regarded as a "critical node for the Iranian regime's access to US dollars".

- The US Treasury announced that it estimated that between January 2024 and June 2026, Banque Misr UAE processed approximately $1.8 billion for 103 companies that "are potentially part of Iranian shadow banking networks", as a way of circumvention of US sanctions to "launder funds, procure weapons and bankroll its regional terrorist proxy groups". The press release states that Banque Misr UAE's customers include "apparent front companies used by Iran's Ministry of Defense and the Islamic Revolutionary Guard Corps to evade US sanctions" and to "launder money on behalf of [the] Iranian Supreme Leader".

- The NPRM proposes the prohibition of US financial institutions from operating or maintaining a correspondent account for, or on behalf of, Banque Misr UAE. Importantly, the NPRM is not final yet and is subject to a public comment period. Following the 30-day public comment period, the NPRM will be published in the Federal Register once FinCEN publishes the final rule.

- Additionally, OFAC announced the designations of Reza Mohammad Taeedi, the manager of Bank Melli's Dubai branch, as well as Kameng Trading Limited, a "Hong-Kong front company that has helped launder funds for a sanctioned Iranian exchange house".

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