

Sanctions: Fortnightly Summary



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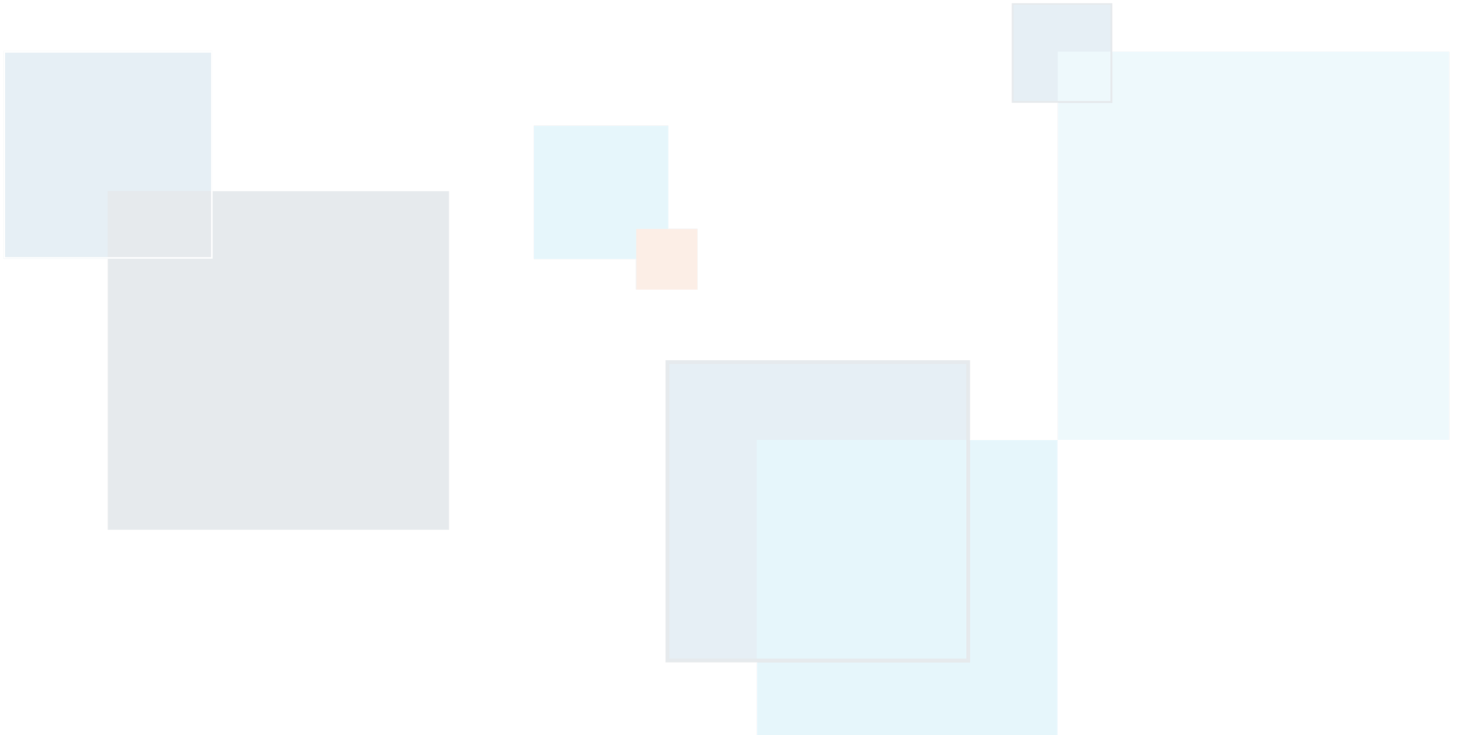
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Welcome to BCL's latest sanctions round-up, highlighting the key developments in UK, US and EU sanctions.

This edition covers, among other things, OFSI's updated FAQs clarifying the Iran and Russia sanctions regulations, the renewed EU sanctions package (and notable de-listings of Usmanov and Fridman) and the passing of the Russia Sanctions Act 2026 in the US.

Global Sanctions developments

UK amongst several countries to issue a joint statement following the publication of the latest report by the Multilateral Sanctions Monitoring Team (MSMT) [[Joint statement](#)] [[MSMT Report](#)]

- The Governments of Australia, Canada, France, Germany, Italy, Japan, the Netherlands, New Zealand, Republic of Korea, the United Kingdom, and the United States (the participating states of the MSMT) gave a statement following the publication of the MSMT's latest report covering the Democratic Republic of North Korea's (DPRK) "Use of Overseas Labour to Violate and Evade UN Sanctions" (published 16 September 2026).
- By way of background, in December 2017, the UN Security Council adopted **Resolution 2397**, which made it unlawful for any UN Member State to allow North Koreans to earn an income within their jurisdiction and resolved for all countries to repatriate any North Koreans earning an income within their jurisdictions back to the DPRK by 2019. The MSMT is a multilateral mechanism established in October 2024 to monitor and report on the implementation of UN sanctions measures relating to DPRK, specifically the DPRK's violations and evasions of the United Nations Security Council resolutions (UNSCRs).
- The joint statement noted the following violations of the UNSCRs through the overseas deployment of North Korean labourers:
 - "... the DPRK continues to deploy an estimated 35,600 to 101,280 labourers, nearly all of whom are located in the People's Republic of China and Russian Federation";
 - "...at least 17 countries are suspected of continuing to host [North Korean] labourers, generating between US \$450 million and \$800 million in 2025 to fund the DPRK's unlawful nuclear weapons and ballistic missile programs";
 - "The MSMT is sharing this information with the international community to highlight the significant risks associated with employing North Korean overseas labourers and the need to deter the employment of such labourers..."
- The MSMT report highlighted the following key points within its "Major Findings" section:
 - Most North Korean labourers are located in China: Most North Korean labourers are deployed in China, with the MSMT estimating that about 20,000 – 70,000 labourers are currently operating there, with estimates of 10,000 new North Korean labourers arriving in China between January 2025 and January 2026 despite temporary repatriation (mandated by UNSCR 2397) of 10-20,000 workers between 2023-25. The MSMT expects the number of North Korean labourers that are dispatched to China to grow.

- Russia is a growing hub for North Korean labourers: North Korean labourers are increasingly being deployed to work in Russia (estimated 15-30,000 as at the end of 2025), with some labourers said to be helping manufacture military drones for Russia. The MSMT reports that the Russian government has created a student visa scheme to “camouflage North Korean labourers in Russia as students”. The average wage estimated by the MSMT of North Korean labourers is around \$7,500, which is said to be five times as high compared to monthly wages in China.
- Asia and African states also have North Korean labourers deployed there but the numbers are in the tens and hundreds compared to those of China and Russia.
- North Korean labourers are subject to wage confiscation and exploitative working conditions: The MSMT reports that the DPRK government confiscates 80-90% of wages earned by North Korean labourers, with some confiscation exceeding the labourers’ actual earnings, leaving North Korean overseas labourers indebted to the DPRK government. The DPRK exerts extreme control over the labourers’ movement and interactions with outsiders in order to prevent defections.

UK Sanctions

General news and developments

UK reinforces tackling online scam networks with Cambodia [[Press release](#)]

- On 22 September, it was announced that the UK and Cambodia are deepening their partnership to tackle criminal networks behind online scams, during a visit by Lord Hanson, Minister of State for the Home Office, to Cambodia for the Combating Online Scams International Conference.
- Specifically, the UK and Cambodia will sign a new Memorandum of Understanding with a view to supporting closer intelligence sharing and financial and digital investigations into such criminal networks, which builds on Cambodia’s internal legislative amendments to take sustained enforcement action against such criminal networks.
- To date, the UK, alongside the US, have coordinated the imposition of financial sanctions aimed at criminal networks operating scam centres across Southeast Asia and involved in the trafficking of victims.
- In October 2025, the UK government sanctioned the Prince Group and associated entities and individuals under the Global Human Rights Sanctions Regulations 2020, who are said to have been operating scam centres in Cambodia and Southeast Asia [[previous government press releases here](#) and [here](#)]. UK sanctions imposed on the Prince Group have resulted in more than £125 million in UK-based assets being frozen.

Policy Developments

OFSI publishes new FAQ 203, clarifying the credit interest of separate frozen accounts held for the same designated person [[OFSI FAQs](#)]

- On 14 September, the Office of Financial Sanctions Implementation (OFSI) (part of HM Treasury) released FAQ 203, clarifying whether regulation 58(3) of the Russia (Sanctions) (EU Exit) Regulations 2019 (the Russia regulations) (and its equivalents in other regimes) permit a relevant financial institution to credit interest or other earnings accruing on one frozen account into a separate frozen account held by the same designated person.
- Currently, regulation 58(3) provides an exception from prohibitions in the Russia regulations, permitting financial institutions to credit a frozen account with interest or other earnings due on the account.
- FAQ 203 now clarifies that regulation 58(3) of the Russia regulations (and its equivalents in other regimes) only permits a relevant financial institution to credit a frozen account with interest or other earnings “due on that account”. “The exception only applies where the interest or other earnings are credited to the same account on which they accrue”.
- Additionally, OFSI clarified that such is the case even in circumstances where a separate account, owned or controlled by the same designated person, has been nominated to receive the relevant interest or other earnings or if under a contractual or other arrangements governing the account – such arrangement would be in contravention of sanctions.
- This updated FAQ will serve as an important clarification for financial institutions processing accruing interest or other earnings for multiple accounts that it holds for designated persons, under UK sanctions regulations.

OFSI released new “Presumption of Denial” regarding Licence Applications for Designated Iranian banks and new FAQ 204 [[Guidance](#)] [[OFSI FAQs](#)]

- On 23 September, OFSI released new “Presumption of Denial of Licence Applications for Designated Iranian banks” guidance and a new FAQ 204, which follow on from the UK’s implementation of new sectoral sanctions legislation targeting Iran on 8 September 2026 (as reported in the **[BCL Sanctions round-up of 14 September 2026](#)**) and mirrors similar steps taken in the US.
- OFSI has announced that the “presumption of denial” will be applied to licence applications made by the following designated Iranian banks operating in the UK (designated under the Iran (Sanctions) (Nuclear) (EU Exit) Regulations 2019) (the Iran Nuclear Regulations):
 - Bank Sepah;
 - Melli Bank plc;
 - Bank Saderat;
 - Persia International Bank; and
 - Bank Tejarat.

- OFSI issues general and specific licences permitting certain activities otherwise prohibited by the imposition of UK sanctions under its relevant **licensing principles guidance** and under specific Schedules of sanctions regulations. In respect of the above designated Iranian banks, OFSI has stated that applications OFSI receives will be “presumed for denial unless the applicant demonstrates clear and compelling reasons for licensing the proposed activities” such as if the licences are “required by law or in exceptional and urgent circumstances.”
- On 24 September, OFSI issued FAQ 204, which clarified activities which may be considered in processing specific licence applications. The activities include those that involve:
 - mitigating risks to life or limb;
 - protecting environmental safety;
 - essential insurance premiums and property management fees;
 - remuneration, allowances or pensions for existing employees;
 - tax, rent, mortgage and utility payments;
 - essential payments required by regulators;
 - essential steps to preserve assets; and
 - steps towards the wind-down of operations, including insolvency.
- Paragraph 5 of the guidance confirms that any of the above activities should only take place within the UK, and no licences will be issued for funds held by entities operating in the UK to be remitted back to Iran (either directly or indirectly).
- Finally, OFSI announced that General Licence **INT/2025/7628424**, which permits designated persons under the Iran Nuclear Regulations to allow make payments for remuneration, allowances and contractual or redundancy payments to UK employees and UK directors etc, will not be renewed when it expires on 22 October 2026. Upon its expiry, transactions that previously would have been permitted under the General Licence will no longer be permitted unless OFSI issues another General Licence or by way of a specific OFSI licence.

De-listings

De-listing of Vietnamese flagged oil tanker **[Notice]**

- On 21 September, the Foreign Commonwealth & Development Office (FCDO) revoked the specification of a Vietnamese flagged ship, “ASTRA” (IMO 9273387) from the UK Sanctions List. ASTRA was designated on **12 September 2025**, amongst 70 other ships, under the Russia Regulations as part of broader government efforts to target ‘shadow fleet’ oil tankers carrying Russian oil exports. Its previous statement of reasons stated that ASTRA was “involved in carrying oil or oil products that originated in Russia from Russia to a third country” and that it was owned by Stravax Shipping Co Ltd, a shipping management company based in Vietnam.
- ASTRA’s removal from the UK sanctions list follows its removal from the Office of Foreign Assets Control’s (OFAC’s) Specifically Designated Nationals List (SDN List) in **May 2026**. ASTRA remains designated under Canada’s Consolidated Autonomous Sanctions List as of November 2025.

EU Sanctions

EU renews sanctions on Russia but de-lists Fridman and Usmanov [EU Council press release] [Council Decision 2026/2161] [The Guardian] [Euro news]

- On 22 September, the EU extended restrictive measures targeting Russia, which includes asset freezes and travel bans on nearly 3,000 individuals and companies, for a landmark three years until 22 September 2029. However, it deleted entries, most notably relating to Alisher Usmanov and Mihail Fridman, following a compromise in negotiations which required unanimous approval from all 27 EU member states for the sanctions to continue.
- The removal of Usmanov was spurred by a request from France citing “national security” grounds and prisoner negotiations between France and Azerbaijan concerning French nationals detained in Azerbaijan.
- Meanwhile, the removal of Fridman was initiated by Luxembourg. It is reported that in 2024, Fridman filed a lawsuit against Luxembourg for a \$16 billion investment-treaty arbitration claim against Luxemburg concerning the freezing of his assets (the sum represents half of Luxembourg’s annual central government revenue).
- Both Usmanov and Fridman have previously sought to challenge their EU listings. In respect of Usmanov, his previous challenge was dismissed in September 2025. Whilst the CJEU annulled Fridman’s listing for the period February 2022 to March 2023 (by way of its judgement in April 2024), the European Council relisted him and he brought further challenges, which remained unresolved.
- The extension of the EU’s sanctions package for a 36-month period is an unprecedented decision given that previous sanctions were renewed every 6 months. The longer renewal extension of the sanctions packages removes the regular deadlines and potential opportunities for de-listing lobbying efforts on behalf of designated persons by EU member and non-member states.

US Sanctions

President Trump signs the new Lindsey O Graham Sanctioning Russia and Iran Act into law [White House briefing] [The Guardian]

- On 18 September, President Trump signed the Lindsey O Graham Sanctioning Russia and Iran Act (the Act) into law. The Act authorises and expands statutory sanctions, tariffs and prohibitions on Russia and extends existing sanctions on Iran which follows on from the US Senate passing the Bill on 7 August 2026 (as reported in the **BCL Sanctions round-up of 17 August 2026**).
- The Act’s focus is on the sweeping sanctions with respect to the Russian Federation (Title I), which are to be initiated within 30 days of enactment. President Trump must impose blocking sanctions on senior Russian officials, defence-industrial supplies, oligarchs, and operators of “shadow fleet” vessels used to evade oil price caps. The Act also requires full sanctions on Russia’s major financial institutions, including Sberbank, VTB, and Gazprombank and prohibits US persons from new investment in Russia, purchasing Russian sovereign debt, or

exporting energy products to the country. Two tariff provisions impose significant additional pressures:

- Section 112 of the Act authorises duties of up to 500% in respect of all goods including oil, natural gas, liquified natural gas, petroleum, petroleum products, petrochemical products, coal and coal products imported into the US from the Russian Federation; and
- Section 113 of the Act authorises secondary tariffs of up to 100% on:
 - goods from the five largest purchasers of Russian crude oil or natural gas; and
 - the top five countries facilitating Russian oil sanctions evasion.
- Sanctions imposed under these powers may only be terminated if Russia signs a peace agreement that is accepted “by the free and independent government of Ukraine” and provides for Russia to cease “all military hostilities against and any activities to overthrow, dismantle, and subvert the Government of Ukraine”.

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