

Alert | **Export Controls & Economic Sanctions**



January 2025

US and UK Memorialize Cooperation on Economic Sanctions Enforcement

Go-To Guide

- OFAC and OFSI signed an agreement to share information and cooperate on economic sanctions enforcement.
- The agreement formalizes existing collaboration practices between the US and UK agencies.
- Information sharing may include investigation details, potential violators, and sanctions compliance best practices.

On 13 January 2025, the U.S. Department of the Treasury’s Office of Foreign Assets Control (OFAC) and the UK’s Office of Financial Sanctions Implementation (OFSI) (collectively, the Participants) published an information-sharing Memorandum of Understanding (MoU), which was signed and took effect on 9 October 2024. The MoU memorializes the strong collaboration between the USA and UK in investigating and enforcing economic sanctions and promoting compliance with economic and trade sanctions.

US and UK Information Sharing

The MoU largely reflects activities that the United States and UK have undertaken for some time, but particularly since Russia’s invasion of Ukraine in early 2022. The MoU confirms that cooperation in implementing and enforcing economic sanctions may include sharing relevant information, conducting

coordinated investigations, training personnel, considering regulatory expectations, conducting economic analysis, and other practical arrangements as may be developed. “Information” is widely defined, and includes:

- i. documents retained in an administrative record as part of an investigation, including, but not limited to, responses to administrative subpoenas and requests for information, evidentiary exhibits, case summaries, and witness interviews and testimonies;
- ii. identifying information of or relating to persons involved in a suspected or actual violation of either Participant’s sanctions regulations, along with a verbal or written description of the potential violation(s) and/or a copy of the disclosure;
- iii. transaction-related reporting, including, but not limited to, reports made pursuant to a specific or general authorisation or licences, and reports of blocked property or frozen assets;
- iv. certain information and/or documents disclosed as part of a specific licence application;
- v. training materials on the Participants’ sanctions authorities and best practices related to business processes, work methodologies, and staff training;
- vi. reporting statistics and economic analysis;
- vii. the relevant names of persons or entities who have been or may soon be subject to administrative actions or other agency actions; and
- viii. other unclassified information obtained in connection with the Participants’ respective responsibilities and authorities.

The MoU confirms that, while the relevant bodies may decline to share information for any reason, OFAC and OFSI staff will be encouraged to “maintain ongoing, ad hoc communications” with one another, and that staff will be seconded from one to the other. Such secondments have already been common practice between OFAC and OFSI as part of the collective response to Russia’s invasion of Ukraine.

Potential Implications for UK Businesses

The increased collaboration between OFAC and OFSI creates opportunities for increased coordination and consistency in implementing the economic sanctions measures. It also creates some potential enhanced risk for entities with international business operations, as the agencies will share resources and information related to suspected violations and investigative matters. The MoU underlines the importance of international businesses’ continued implementation and maintenance of appropriately risk-based economic sanctions compliance programs to comply with applicable sanctions regimes and mitigate the risks of even inadvertent violations. Economic sanctions laws are generally subject to a strict liability standard (which may result in civil or administrative penalties), and in the case of intentional violations, such as evasion or circumvention, criminal penalties may be imposed against individuals as well as corporates.

Takeaways

The MoU’s release at the beginning of the year serves as a reminder for international businesses to review their compliance programmes. Companies with operations in the UK, United States, or both should consider both UK and U.S. sanctions requirements. The MoU highlights the importance of regular compliance programme reviews and staff training on financial sanctions and export controls, as well as the potential consequences of even inadvertent violations.

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