

AML Measures in Relation to Ongoing Developments in Ukraine – March 2022

Guidance for AIA Members in Practice operating within the Republic of Ireland

1.0 Introduction

Members will be aware of recent developments in Ukraine and the ongoing imposition of further financial and trade sanctions on Russian Government officials and other named individuals and entities, by countries around the world, including the UK, US and the EU.

These recent measures are directly relevant to both members in business and practice, as well as to those working in the charity and Not-for-Profit sector.

The position is fluid and fast moving and AIA has communicated guidance to remind members of their professional obligations.

Whether in practice or in business, Members must comply fully with their legal and professional obligations relating to the Sanctions regimes in their respective jurisdictions.

2.0 Ethical Considerations and obligations under AML legislation

All members of the accountancy profession are reminded of their obligations under the AIA and IESBA Code of Ethics to:

- a) act in the public interest;
- b) apply the fundamental principles, and the following in particular:
 - i. integrity;
 - ii. objectivity in the exercise of the professional or business judgement;
 - iii. Professional Competence and Due Care, including by maintaining their professional knowledge and skills; and
 - iv. Professional Behaviour, including the duty to comply with relevant laws and regulations and to avoid any conduct that might discredit the profession.
- c) respond to non-compliance with laws and regulations in a timely manner.
- d) The principle of integrity requires members to have the strength of character to act appropriately even when confronted by dilemmas and difficult situations; and to challenge others as and when circumstances warrant (see 111.1A2).

The principle of objectivity requires accountants to exercise professional or business judgement without being compromised by bias or undue influence, and to have an inquiring mind. This includes considering the source, relevance and sufficiency of information obtained; and being open and alert to the need for further investigation

and other action (R120.5 A1) The allied concept of professional scepticism should be applied when dealing with matters which may be intended to obfuscate ownership, control or provenance of assets or funds.

Maintaining professional competence requires a continuing awareness and understanding of relevant technical, professional, business and technology related developments (113.1 A2).

3.0 Sanctions

Members should therefore ensure that they are aware of and fully understand the scope and impact of sanctions which apply to their business, their staff, and their clients.

Members should remain up to date by checking the relevant lists of sanctions and sanctioned individuals and entities published by authorities in their respective jurisdictions.

Members with clients in Northern Ireland are reminded to consider sanctions guidance from the UK. Principals must ensure all relevant staff are aware of and fully understand their obligations in respect of the sanctions' regime

3.1 Financial Sanctions

In Ireland financial sanctions emanate from the European Union (EU) and United Nations (UN) and are contained in sanctions lists.

All natural and legal persons are required to comply with financial sanctions.

This requires monitoring the EU and UN lists and taking appropriate action as explained below.

Further information on financial sanctions is available at [International Financial Sanctions | Central Bank of Ireland](#).

Members must check whether they hold any funds or economic resources for the persons set out in the current sanctions lists. The Central Bank website states that once a person or entity has been sanctioned under EU Financial Sanctions, there is a legal obligation not to transfer funds or make funds or economic resources available, directly, or indirectly, to that person or entity.

3.1.1 EU Sanctions List

- There is a list available on Central Bank's website [Financial Sanctions Updates 2022 | Central Bank of Ireland | Central Bank of Ireland](#)
- There is also a [consolidated list of persons, groups and entities subject to EU financial sanctions](#), which reflects the officially adopted texts published in the Official Journal of the EU.
- You can also download a [PDF version of the consolidated list of financial sanctions](#) but remember this list is frequently updated so you must ensure you refer to a current list.

3.1.2 UN Sanctions List

The UN publishes a [consolidated list](#) of all individuals and entities subject to sanctions measures imposed by the UN Security Council.

3.2 Trade Prohibitions

Members must also be mindful of the current trade prohibitions issued by the Department of Enterprise, Trade and Employment [EU Trade Sanctions in Response to Situation in Ukraine - DETE \(enterprise.gov.ie\)](#) including those that apply to military-related goods and technology or financial or technical assistance; and dual use goods and technology.

3.3 Reporting Concerns Regarding Sanctions

3.3.1 Financial Sanctions

Central Bank is the Competent Authority for financial sanctions. If you know or suspect that a breach of financial sanctions has occurred; if a person you are dealing with, directly or indirectly, is a sanctioned person; if you hold any frozen assets; and if knowledge or suspicion of these, come to you while conducting your business you **must** notify Central Bank.

E-mail: sanctions@centralbank.ie

3.3.2 Trade Prohibitions

The Department of Enterprise, Trade and Employment is responsible for enforcing trade-related sanctions. If you have any queries regarding trade sanctions, please contact the Trade Licensing and Control Unit.

Email: exportcontrol@enterprise.gov.ie. Tel: +353 1 631 2328

3.3.3 Other reporting obligations

Where you are concerned about sanctions evasion or money laundering relating to clients, members should also consider your obligations to report to the [Financial intelligence Unit](#) and to [Revenue](#).

4.0 Further Guidance

If you have general queries in relation to sanctions see:

- [Central Bank of Ireland | Financial Sanctions FAQs](#)
- [gov.ie - Anti-Money Laundering and Countering the Financing of Terrorism \(www.gov.ie\)](#)
- [Department of Foreign Affairs \(DFA\)](#)

4.1 Anti-Money Laundering Responsibilities

The recent imposition of further sanctions on Russia and named individuals and entities has increased the potential risk of money laundering as individuals and business may seek to evade these respective sanctions regimes.

4.1.1 Politically Exposed Persons (PEPs)

Recent developments in Russia and Ukraine may also potentially impact on the classification of new and existing clients and cause them to fall within the definition of Politically Exposed Persons (“PEP”).

Members in practice are reminded of their obligation under the Criminal Justice (Money Laundering and Terrorist Financing) Act 2010 (as amended), to conduct risk assessments and to perform Enhanced Due Diligence checks where required.

Members should ensure that they fully understand the source of funds and wealth in relation to their clients identified as high-risk.

Since many of those who are subject to sanctions may also be PEPs, Members are reminded of their obligation to ensure that they have adequate and up to date procedures in place to identify whether a client, or the beneficial owner of a client, is a PEP or a family member or known close associate of a PEP.

A family member of a PEP includes their spouse, civil partner, children, and parents.

A known close associate of a PEP means:

- an individual known to have joint beneficial ownership of a legal entity or a legal arrangement or any other close business relations with a PEP
- an individual who has sole beneficial ownership of a legal entity or a legal arrangement which is known to have been set up for the benefit of a PEP.

Where a potential client is identified as a PEP, members must assess the level of risk associated with that client and the extent of any Enhanced Due Diligence (“EDD”) that should be performed on that client. As a minimum, members must:

- obtain senior management approval for the relationship;
- take adequate measures to establish the source of wealth and funds; and
- perform enhanced ongoing monitoring of the relationship.

When a client ceases to be a PEP, members must continue to apply their EDD procedures for at least 12 months (or longer if necessary to address the risk of money laundering or terrorist financing). However, if the client is a family member or known associate of a PEP, they can stop applying EDD procedures as soon as the PEP status ends. In determining whether someone is a known close associate of a PEP, obliged entities are allowed to rely only information they already hold or that which is freely available in the public domain.

4.1.2 Professional Indemnity Insurance Considerations

Members are reminded that the imposition of Sanctions may impact on the operation of exclusion clauses (if any) in their Professional Indemnity arrangements and should ensure that they check the current position with their providers.

4.1.3 Expert Advice

Given the fast-moving nature of the situation and the complexity of the various Sanctions regimes, members may wish to consider obtaining specialist advice tailored to their specific circumstances and to advise their clients to do the same.