



الجمهورية الجزائرية الديمقراطية الشعبية
People's Democratic Republic of Algeria

The Financial Intelligence Processing Unit

**GUIDE ON THE APPLICATION OF TARGETED INTERNATIONAL
SANCTIONS**

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This guide aims to develop knowledge, raise awareness and provide guidance to relevant authorities as well as financial institutions, businesses and designated non-financial professions. Its objective is to ensure effective compliance with targeted financial sanctions relating to the terrorist financing and proliferation.

This guide encompasses the requirements of recommendations six (06) and seven (07) of the Financial Action Task Force (FATF), which concern the implementation of United Nations Security Council resolutions relating to targeted financial sanctions for the financing of terrorism and the proliferation of weapons of mass destruction.

I- Legal and regulatory references

- Law No. 05-01 of 27 Dhou El Hidja 1425 corresponding to February 6, 2005 relating to the prevention and fight against money laundering and the financing of terrorism, amended and supplemented;
- Executive Decree No. 21-384 of 30 Safar 1443 corresponding to October 7, 2021 establishing the terms of registration and removal from the national list of terrorist persons and entities and the resulting effects;
- Executive Decree No. 23-428 of 15 Jomada El Oula 1445 corresponding to November 29, 2023 relating to the procedure for freezing and/or seizing funds and property as part of the prevention and fight against the financing of terrorism and the financing the proliferation of weapons of mass destruction;
- Executive Decree No. 23-431 of 15 Jomada El Oula 1445 corresponding to November 29, 2023 establishing the composition, organization and functioning of the committee for monitoring targeted international sanctions.

II- Definitions

- **Security Council resolutions:** All relevant Security Council resolutions on preventing and combating terrorism and its financing and relevant resolutions on preventing and combating the financing of the proliferation of weapons of mass destruction, adopted under Chapter VII of the Charter of the United Nations, in particular resolution 1267 (1999) resolution 1718 (2006 and resolution 1373 (2001);
- **Sanctions Committee:** The Sanctions Committee of the United Nations Security Council, created by Security Council resolutions 1267 (1999), 1989 (2011) and 2253 (2015), 1988 (2011) 1718 (2006) when acting

under Chapter VII of the Charter of the United Nations and adopts targeted financial sanctions to combat the financing of the proliferation of weapons of mass destruction;

- **Summary list of sanctions:** Lists containing the full identity of individuals, entities and groups linked to terrorism and its financing or the proliferation of weapons of mass destruction and its financing that are subject to targeted financial sanctions;
- **Immediately and without delay:** Rapid action to initiate the procedures provided for in application of the resolutions of the Security Council of the United Nations and, in all cases, this deadline is set at 24 hours, at the latest, from the publication of the Security Council resolutions;
- **Targeted financial sanctions:** Sanctions relating to the prevention and fight against terrorism and its financing as well as the prevention and fight against the financing of the proliferation of weapons of mass destruction, taken by resolutions of the Security Council of the organization of the United Nations when acting under Chapter VII of the Charter of the United Nations;
- **Prohibition on carrying out transactions:** Prohibition of the provision or presentation of any type of financial services or any other type of services to persons, groups or entities included in the consolidated sanctions list;
- **Office of the UN Ombudsman:** Body established by Security Council resolution 1904 (2009) to receive and consider requests for delisting of individuals from the United Nations Security Council Consolidated Sanctions List;
- **Extraordinary expenses:** The costs of utilities and legal services or, exclusively, for the payment of reasonable professional fees and expenses incurred in the provision of legal services, or the payment of fees or service charges for ordinary operations related to the preservation or maintenance of frozen property, funds, other assets and economic resources;
- **Funds and assets:** All funds and assets defined in article 4 of law n° 05-01 of 27 Dhou El Hidja 1425 corresponding to February 6, 2005, modified and supplemented, relating to the prevention and fight against money laundering and terrorist financing, as well as funds and assets derived therefrom, funds and assets held by persons, groups or entities included in the consolidated sanctions list of the United Nations Security Council or submitted, directly or indirectly, to their control or that of persons acting on their behalf or at their request or all interest and/or other products and

profits payable on the accounts recovered after the freezing and/or seizure;

- **Funds or other assets:** All assets, including but not limited to financial assets, economic resources (including oil and other natural resources) and all types of property, whether tangible or intangible, movable or immovable , regardless of the manner by which they were obtained, documents and securities in any form, including electronic and digital, evidencing ownership of such assets or a share in such assets, including, but not limited to, limit, bank credits and payment orders, shares, securities, documents, bills of exchange, letters of credit or any other interest, profits or income arising from or generated by these funds, or any other assets that may to be used to obtain financing for goods and services;
- **Economic resources:** Assets of any nature, tangible or intangible, tangible or intangible, movable or immovable, which can be used to obtain funds, goods, merchandise or services such as land, buildings and other real and tangible assets , including hardware, software, tools, machines, furniture, equipment, facilities, vessels, aircraft, vehicles, merchandise, works of art, cultural property, artifacts, jewelry, gold, precious stones, coal, petroleum products, refineries and related materials, including chemicals, lubricants, metals, wood or other natural resources, goods, weapons and associated materials, raw materials and components that may be used in the manufacture of explosive devices or unconventional weapons and any type of proceeds of crime, including the cultivation, production and illicit trafficking of narcotics or their derivatives, patents, trademarks, copyrights and other forms of intellectual property, web hosting services, web publishing or associated therewith and the assets made available or for the benefit, directly or indirectly, of the registered persons, including for the financing of their travel, their travel or their stay, as well as all the assets paid to them as ransom;
- **Committee for Monitoring Targeted International Sanctions:** Committee created under article 20 bis of law n° 05-01 of 27 Dhou El Hidja 1425 corresponding to February 6, 2005, modified and supplemented, relating to the prevention and fight against money laundering and the financing of terrorism and established by Executive Decree No. 23-431 of 15 Jomada El Oula 1445 corresponding to November 29, 2023 establishing the composition, organization and functioning of the committee for monitoring targeted international sanctions, placed under the Minister responsible Foreign Affairs ;
- **Financing the proliferation of weapons of mass destruction:** the financing of the proliferation of weapons of mass destruction including, in particular, nuclear, chemical, toxin, bacteriological or biological weapons,

through acts prohibited by the relevant Resolutions of the United Nations Security Council relating to prevention, repression and interruption of the proliferation of weapons of mass destruction and its financing.

- **National list:** national list of terrorist persons and entities, established by article 87 bis 13 of the penal code.

- **National Commission:** the Commission for the Classification of Terrorist Persons and Entities established by Article 87 bis 13 of the Criminal Code.

- **Subject entities:** financial institutions and designated non-financial businesses and professions having the obligation to apply preventive measures, including the declaration of suspicion, within the meaning of law 05-01 amended and supplemented.

III- Process for processing lists of targeted financial sanctions

III-1 Mechanism for access to the UN Security Council lists and the national list

All subject entities are required to:

- Register on the official websites of the CTRF, the Committee for Monitoring Targeted International Sanctions as well as the commission in order to receive notifications relating to the summary list of sanctions and the national list and the modifications made to them
- To permanently examine the summary list of sanctions as well as the national list through one of the following sources:
 - CTRF institutional website;
 - institutional website of the committee for monitoring targeted international sanctions;
 - Publication in the Official Journal;
 - United Nations Security Council institutional website: The Security Council has a consolidated list of all persons and entities subject to sanctions by the United Nations sanctions committees, so that it can be published these lists and their updates.

For more information, consult the website of the CTRF Financial Intelligence Processing Unit: <http://www.ctrf.mf.gov.dz> as well as the website of the committee for monitoring targeted international sanctions: <http://www.mfa.gov.dz>

The CTRF and the Secretariat of the Committee for Monitoring Targeted International Sanctions ensure the communication of the latest updates of the Security Council's summary list to those subject to it, in real time, by all means, including the use of electronic means. (E-mail).

III-2 Flowchart of the process for processing targeted financial sanctions lists

Notification from the CTRF and/or the Committee for Monitoring Targeted International Sanctions
Publication of on the institutional website of the CTRF and or the Committee for Monitoring Targeted International Sanctions



Permanent verification of the sanctions list



Positive review: Immediate application of freezing and/or seizure measures



Inform the Minister of Finance and the CTRF
Publication without delay of a freezing and/or seizure order



Funds and assets frozen and/or seized are transferred to the central treasurer

The appeal is filed at the level of the committee for monitoring targeted international sanctions

Requests for removal from sanctions lists are submitted to the International Sanctions Monitoring Committee or the UN Ombudsman's Office

Those removed from the sanctions lists are informed of this decision, and the lifting of restrictions on their property and funds is immediately implemented without delay, in accordance with the initial freezing or seizure procedures.

Subjects are obliged to check any new business relationship or financial transaction with new customers in relation to the list

The list published on the institutional website of the CTRF, on the institutional website of the committee for monitoring targeted international sanctions or the institutional website of the Security Council of the United Nations or Publication in the Official Journal for the national list. The obligation of control extends to the possible agent or the beneficial owner

Negative review: Inform the CTRF

The authority responsible for the management of frozen and/or seized funds and property / the Minister of Finance authorizes persons to use frozen funds for essential needs (72 hour period)

The Targeted International Sanctions Monitoring Committee informs the Sanctions Committee of the authorization granted

Authorize payments due on frozen or seized accounts, as well as on accounts affected by these measures, under contracts concluded by the owners of the assets
Inform the CTRF of the value and/or description of funds and assets frozen and/or seized or subject to lifting of freezing and/or seizure as well as their type, date and time of freezing and/or seizure or lifting, within twenty-four (24) hours

III-3 Permanent verification of the summary list of sanctions and the national list

Subjects are required to carry out permanent checks of databases, transactions and operations, comparing them with the sanctions lists and the national list while taking into account updates. These checks should include the following actions:

- Review the customer database;
- Identify the parties involved in each transaction, including agents acting on behalf of the client and beneficial owners;
- Check the names of potential new customers;
- Find the true beneficiaries of transactions;
- Analyze the direct or indirect relationships between individuals or entities involved and those appearing on the sanctions lists and the national list.
- Additionally, they must conduct a systematic search of the customer database before any transaction or business relationship to ensure that none of the names are listed on the sanctions lists or national list.

In addition, subject entities must put in place:

- Internal control to ensure compliance with the obligations set out in current legislation and regulations;
- Policies prohibiting its employees from disclosing information about freezing and/or seizure measures in accordance with applicable laws and regulations;
- Designate the CTRF correspondent responsible for managing requests from the targeted international sanctions monitoring committee, the national commission, the CTRF and the competent authorities, ensuring the confidentiality of correspondence;
- Collaborate with the targeted international sanctions monitoring committee, the national commission, the CTRF and the competent authorities to verify the accuracy of the information provided.

The protection of the rights of third parties in good faith is ensured in accordance with the legislation in force.

In case of similarity of names and inability to confirm this similarity with available information, the CTRF must be informed for appropriate analysis.

The more detailed the data available, the more accurate it is. However, it is essential to take into account that a large amount of common names can increase the probability of a match. Therefore, the presence of a match does not automatically mean that the person or entity is subject to targeted financial

sanctions. It is therefore imperative to confirm whether this match is accurate or simply a false positive.

- When the examination is negative: inform the CTRF;

IV- Implementation of sanctions by those subject to them

IV-1 Banks and financial institutions

When the test is positive:

- Immediate application, without delay and without notice, of freezing and/or seizure measures;
- Authorize payments due on frozen or seized accounts, as well as on accounts affected by these measures, under contracts concluded by the owners of the assets;
- Inform the CTRF of the value and/or description of funds and assets frozen and/or seized or subject to lifting of freezing and/or seizure as well as their type, date and time of freezing and/or the seizure or its lifting, within twenty-four (24) hours;
- Funds and assets frozen and/or seized are transferred to the central treasurer for recording in his records.

IV-2 Designated non-financial businesses and professions

- Prohibition on carrying out transactions, providing or presenting any type of financial services or any other type of services to persons, groups or entities listed in the consolidated sanctions list or the national list;

V- Remedy in the event of a false positive

A test is considered a false positive when the person or entity examined is not the one targeted by the targeted financial sanctions.

In the event of freezing and/or seizure of funds and property resulting from a similarity of names, the person, group or entity concerned may file a request for lifting before the public prosecutor at the court of Algiers.

The public prosecutor transmits the request, accompanied by his requisitions, to the president of the court of Algiers.

If the person, group or entity concerned is not included in the summary list of sanctions, or if it is confirmed that there is a real similarity of surnames, first

names or denominations, the president of the court orders the lifting of the freeze and/or seizure of the applicant's property, funds or assets.

The president of the Algiers court rules on the request according to summary procedures.

VI- Notifications:

Taxpayers must immediately declare to the CTRF in the following cases:

- Frozen funds or assets, as well as all measures taken under current legislation;
- Identification of a former customer or a previous occasional customer appearing on the sanctions lists or the national list;
- Suspects that a current, former or prospective customer, or party with a business relationship, is listed in or has direct or indirect ties to a named person, group or entity.

VII- Authorization to use part of the frozen and/or seized funds and assets

The authorization granted to persons, for the use of part of the funds and property frozen and/or seized with a view to covering their essential needs and those of members of their family, as well as the needs of their dependents, carries on the fixing of amounts for the payment of certain types of charges, fees and remuneration for services, in particular food, clothing, rent, or mortgage repayment of the family home, medicines, fees and costs of care and health, taxes, compulsory insurance premiums, water, gas, electricity, telecommunications costs as well as certain extraordinary expenses.

However, it is prohibited for any person or other party to provide any assets or other assets, financial or any other related services or any economic resources, directly or indirectly, for the benefit of the persons and/or entities and/or of the groups concerned or for the benefit of any entities or groups that they own or control, directly or indirectly, or for the benefit of any persons, groups or entities acting on their behalf or working under their direction, with the exception of what is authorized to cover their essential needs.

VIII- Appeal for cancellation

The targeted international sanctions monitoring committee is responsible for receiving appeals from individuals, and/or groups and/or entities included in the

Security Council sanctions lists and transmitting them to the Security Council committees (Art 02 of Executive Decree No. 23-431 of November 29, 2023 establishing the composition, organization and functioning of the committee for monitoring targeted international sanctions).

Requests for removal from sanctions lists, made by individuals, and/or groups and/or entities, are submitted to the Targeted International Sanctions Monitoring Committee when the individuals, groups or entities no longer meet the listing criteria. . This committee is responsible for transmitting them to the designated parties in accordance with Security Council resolutions.

These requests can be made directly to the Office of the United Nations Ombudsman.

Once removed from the sanctions lists, the interested parties are informed of this decision. The lifting of the freezing and/or seizure of property and funds is immediately applied, without delay, according to the same terms and procedures as those used for the freezing and/or seizure.

IX- Examples of freezing of funds and/or property and prohibition of the provision of financial services

- Prevent any movement or transaction on existing accounts, immediately freeze their balances and prevent the holder from using their account to make withdrawals or carry out any other financial transaction;
- Prevent the assignment or transfer of any amount of the electronic payment wallet whose owner is a person, groups or entities appearing on the consolidated list or the national list;
- Failure to disburse the balance of the previously approved loan to a client who has become a person, group or entity listed on the consolidated sanctions list or the national list;
- Failure to finalize the sale of precious stones and metals;
- Refraining from drawing up a real estate transaction for a new property in the name of a person, group or entity included in the consolidated or national list, as well as the prohibition on transferring ownership of property owned to these same persons, groups or entities to a buyer or other listed persons, while indicating on the property documents the presence of these persons on the sanctions lists, is equivalent to the suspension of real estate transactions involving these entities.

X- Methods and risk indicators linked to financing the proliferation of weapons of mass destruction

X-1 Examples of methods used to finance the proliferation of weapons of mass destruction

- Use of shell companies and complex ownership structures to conceal the identity of beneficial owners, particularly in countries with weak or opaque regulations on company formation;
- Using foreign financial institutions to conduct transactions, particularly when financial institutions in the sanctioned country do not have correspondent accounts or relationships with foreign banks;
- Maintain funds or assets in overseas bank accounts, particularly in countries unrelated to sanctioned countries, in order to facilitate international trade;
- Pretending to reside in low-risk countries to structure transactions to appear legitimate, often by exploiting the financial infrastructure of neighboring, unsanctioned countries;
- Exploit the trade and maritime networks of neighboring countries to access the global financial system indirectly, using their trade relationships with non-sanctioned countries.

X-2 Risk indicators linked to financing the proliferation of weapons of mass destruction

As part of their activities, those subject to them are required to take into consideration the following risk indicators:

a- Customer-related indicators

- Similarity of customer data to those of individuals, groups or entities included on sanctions lists or associated with illicit financing activities;
- Request for issuance of a letter of credit by a new client while authorization to open their account is in progress;
- Customer participation in the supply, delivery, sale or purchase of dual-use or strategic goods, especially in at-risk countries;
- Involvement of a university in a country subject to proliferation concerns;
- Inconsistency of the client's activity with its functional data or with the nature of its work;
- Providing ambiguous, inaccurate or incomplete information regarding the transaction;
- Activity of a small business or broker outside its usual field;

- Using complex structures to conceal other parties, such as shell companies or intermediaries;
- Involvement of a declared company in money transfer activities;
- Address of customer or recipient associated with individuals, groups or entities listed on the Consolidated Sanctions List or with a history of export control violations;
- The involvement of someone associated with a country with proliferation concerns or handling complex equipment without technical skills is problematic;
- Client affiliated with a military or research organization in a jurisdiction with a high risk of proliferation of weapons of mass destruction.

b- Indicators linked to customer activities

- Transactions involving dual-use goods, sensitive goods linked to the proliferation of weapons of mass destruction or military goods, with or without license;
- Use of potential shell companies in the transaction, particularly companies with little capital compared to the size of the transaction;
- Transactions in countries presenting risks of proliferation of weapons of mass destruction or involving entities led by individuals associated with such countries;
- The transaction highlights a link between representatives of companies who exchange goods in order to circumvent any controls;
- Unusual complexity or unusual use of financial products in the transaction;
- Complex shipping routes or complicated fund transfer processes without clear justification;
- Presence of instructions or transactions on the account to pay sums of money or transfer them to parties not mentioned in the original letter of credit or other document related to the transaction;
- Frequent or sudden changes of board members or authorized representatives, without clear explanation;
- Transactions involving goods originating from a country other than that of the declared final recipient;
- Sudden changes in the money transfer process;
- presence of an unexplained or complex wire transfer process;
- Inconsistencies between information in business documents and financial flows, such as discrepancies in names, companies, addresses, etc.

c- Indicators relating to geographical areas

- Involvement of individuals or entities located in countries associated with activities financing the proliferation of weapons of mass destruction;

- Transactions directed towards countries contributing to the financing of the proliferation of weapons of mass destruction;
- Involvement of companies or individuals in countries with deficiencies in the fight against money laundering, terrorist financing or export/import controls.

d- Indicators related to commercial documents

- Unjustified third-party involvement in the transaction;
- Receipt of the transaction by another shipping company;
- Inconsistencies between financial information in documents and actual financial flows;
- Differences between the goods indicated in the documents and the actual goods;
- Document shipping value less than shipping cost.

e- Indicators related to shipping and trade finance

- Presence of falsified or fraudulent documents or declarations;
- Use of a shipping company as the final destination of the product;
- Order for goods placed by companies or individuals from foreign countries different from the declared end user country;
- Shipment of goods incompatible with normal geographic trade patterns;
- Use of a circuitous or circular shipping route in financial transactions;
- Using a shipping route passing through a country with lax export control laws;
- Shipping of goods incompatible with the technological level of the recipient country;
- declared value of the cargo was lower than its actual value in relation to the cost of shipping;
- Description of goods in commercial or financial documents not specific or misleading.

XI- Sanctions

Failure by those subject to due diligence in relation to targeted financial sanctions linked to the financing of terrorism and the proliferation of weapons of mass destruction will result in administrative sanctions, without prejudice to criminal prosecution.

XII- Ban on leaving the national territory

XII-1 Request and issuance of the order prohibiting exit from the national territory

The financial intelligence processing unit asks the Public Prosecutor at the Court of Algiers to issue an order prohibiting the exit of the national territory for persons appearing on the summary list of sanctions and the national list. The prosecutor must issue this order within twenty-four hours of receipt of the request. This ban targets listed individuals as well as members of listed terrorist groups and entities.

XII-2 Effects of the order prohibiting exit from the national territory

The order results in the withdrawal of the passport of the person concerned and prevents the issuance of a new passport during the entire period of registration on the consolidated sanctions list and the national list. This order is communicated to the competent authorities of the Ministry of the Interior and the Ministry of Foreign Affairs for execution.

XII-3 Lifting of the ban on leaving the national territory

The order prohibiting exit from the national territory is lifted as soon as the person, group or entity is removed from the summary list of sanctions and the national list.