



3 September 2024

**Directive to all persons including Financial Institutions and Designated Non-Financial Businesses and Professions on implementation of Targeted Financial Sanctions (TFS)**

*Issued in terms of Statutory instrument 76 of 2014 on Suppression of Foreign and International Terrorism (Application of UNSCR 1267 of 1999, UNSCR 1518 (2003), UNSCR 1988 (2011), UNSCR 1373 of 2001 and their successor resolutions, and Statutory instrument 110 of 2021 and its amendment Statutory Instrument 164 (2023) on proliferation financing of weapons of mass destruction (Application Of UNSCR 1718 (On Non-State Actor Proliferation on Democratic People's Republic of Korea ) and its successor resolutions.*

**PART I**

**Background**

As a member of the United Nations, Zimbabwe is obligated to implement targeted financial sanctions resolutions issued by the United Nations Security Council (UNSC). These resolutions require the identification and freezing of funds and other assets of designated individuals and entities involved in terrorist financing (TF) and proliferation financing of weapons of mass destruction (PF).

In this regard, the country has put in place legislative and other measures to ensure all persons (natural and legal) including financial institutions (FIs), designated non-financial businesses and professions (DNFBPs) comply with the obligations under United Nations Security Council Resolutions (UNSCRs), including UNSCRs 1267, 1988, 1518, 1373 on terrorism financing and UNSCR 1718 (2006) on proliferation financing and their successor resolutions, as guided by the requirements of FATF

Recommendations 6 and 7 on targeted financial sanctions on terrorism and terrorist financing and targeted financial sanctions related to proliferation respectively.

Obligations under FATF Recommendations 6 and 7 require countries to identify and freeze, **without delay and without prior notice, (within 24 hours)** funds and other assets of any person or entity designated by, or under the authority of the United Nations Security Council and to ensure that no funds or other assets are made available, directly or indirectly, to, or for the benefit of such designated person or entity.

Since 2013 the Financial Intelligence Unit (FIU) has been issuing directives to financial institutions and designated non-financial business and professions on the need to apply targeted financial sanctions through freezing, without delay and without prior notice, funds and other assets of designated persons and entities. The two main directives were:

- AML/CFT Directive 1/2013: Directive to Financial Institutions and Designated Non-Financial Businesses and Professions on Freezing of Assets of Designated Persons and Entities (dealing with countering the financing of terrorism)
- AML/CFT Directive 1/06/2019 on Identification and freezing of assets of persons and entities designated by, or under authority of the United Nations Security Council for purposes of preventing, suppressing and disrupting proliferation of weapons of mass destruction and the financing thereof.

Several subsequent directives were issued in response to updates to the UNSC Sanctions lists, wherein FIs and DNFBPs were mandated to screen their customers and transactions against designated names of individuals, groups, organisations and entities on the sanctions lists. Upon identifying a match, FIs and DNFBPs were required to immediately, without delay freeze the funds and assets of the associated individuals or entities.

The FIU noted with concern that some FIs and DNFBPs are failing to comply with the need to screen customers against the UNSCR Sanctions lists on a continuous basis as required.

It is against this background that the FIU is directing FIs and DNFBPs and all other natural and legal persons to continue implementing the UNSCR requirements.

FIs, DNFBPs and all other natural and legal persons must stay informed about and comply with the TFS imposed by the United Nations. The Sanction Lists are subject to change, from time to time and it is therefore important to stay abreast of any changes to the lists.

While the FIU will communicate any revisions to the UNSC sanctions lists, FIs, DNFBPs and all other natural and legal persons must also proactively monitor and act upon such changes as they are published on the designated UN website addresses provided below.

<b>TERRORISM AND TERRORIST FINANCING (TF)</b>	
<b>Sanctioned Group</b>	<b>Weblink</b>
<b>1. Islamic State in Iraq and the Levant (Da'esh), Al Qaida, and associated individuals, groups, undertakings and entities (UNSCR 1267)</b>	<a href="https://main.un.org/securitycouncil/en/sanctions/1267">https://main.un.org/securitycouncil/en/sanctions/1267</a>
<b>2. The Taliban, and associated individuals, groups, undertakings and entities (UNSCR 1988)</b>	<a href="https://main.un.org/securitycouncil/en/sanctions/1988">https://main.un.org/securitycouncil/en/sanctions/1988</a>
<b>3. Sanctions Committee (Iraq) (UNSCR 1518)</b>	<a href="https://main.un.org/securitycouncil/en/sanctions/1518">https://main.un.org/securitycouncil/en/sanctions/1518</a>

**FINANCING OF THE PROLIFERATION OF WEAPONS OF MASS DESTRUCTION (PF)**

Sanctioned Group	Weblink
1. <b>Democratic People's Republic of Korea (DPRK): nuclear-related, other weapons of mass destruction-related and ballistic missile-related programmes (UNSCR 1718)</b>	<a href="https://main.un.org/securitycouncil/en/sanctions/1718">https://main.un.org/securitycouncil/en/sanctions/1718</a>
2. <b>Link to consolidated Sanctions List</b>	<a href="https://main.un.org/securitycouncil/en/content/un-sc-consolidated-list">https://main.un.org/securitycouncil/en/content/un-sc-consolidated-list</a>

**PART 2****Brief Guidance on the Implementation of United Nations and Local Targeted Financial Sanction Regimes**

FIs, DNFBPs and all other natural and legal persons are obligated to implement measures to address UNSCRs on TF/PF. This includes identifying, freezing assets fund funds and taking action against individuals and entities listed on the UN sanctions Lists.

To ensure FIs, DNFBPs and all other natural and legal persons fully understand and comply with these requirements, this directive summarises the steps to be followed in implementing the TFS requirements.

**Key Terms**

**Funds and other Assets** means any assets, including, but not limited to, financial assets, economic resources (including oil and other natural resources), property of every kind, whether tangible or intangible, movable or immovable, however acquired, and legal documents or instruments in any form, including electronic or digital, evidencing title to, or interest in, such funds or other assets, including, but not limited to, bank credits, travellers cheques, bank cheques, money orders, shares, securities, bonds, drafts, or letters of credit, and any interest, dividends or other income on or value accruing from or generated by such funds or other assets, and any other assets which potentially may be used to obtain funds, goods or services.

**Proliferation financing (PF)** is defined as the provision of funds or financial services used for the manufacture, acquisition, possession, development, export, trans-shipment, brokering, transport, transfer, stockpiling or use of nuclear, chemical or biological weapons and their means of delivery and related materials (including both technologies and dual-use goods used for non-legitimate purposes.)

**Terrorist financing (TF)** refers to the provision or collection of funds and other assets with the unlawful intention that they should be used for terrorist acts or in support of terrorists and terrorist organisations. It also includes financing travel for the purpose of perpetrating, planning and participating in terrorist acts.

**Targeted financial sanctions (TSF)** means both asset freezing and prohibitions to prevent funds or other assets from being made available, directly or indirectly, for the benefit of designated persons and entities

**Section 1: LEGAL FRAMEWORK**

The following are all the relevant laws, directives, and guidelines, issued to date for the purpose of implementing UN Targeted Financial Sanctions measures in Zimbabwe.

<b>TITLE</b>	<b>YEAR OF ISSUE</b>	<b>TYPE</b>
<b>Money Laundering and Proceeds of Crime Act, [Chapter 9:24]</b>	2013	Act
<b>Suppression of Foreign and International Terrorism Act [Chapter 11:21]</b>	2007	Act
<b>Statutory Instrument 56</b>	2019	Regulation
<b>Statutory Instrument 110</b>	2021	Regulation
<b>Statutory Instrument 164</b>	2023	Regulation
<b>AML/CFT Directive 1/2013: Directive to Financial Institutions and Designated Non-Financial Businesses and Professions on Freezing of Assets of Designated Persons and Entities</b>	2013	Directive
<b>AML/CFT Directive 1/06/2019 on Identification and freezing of assets of persons and entities designated by, or under authority of the United Nations Security Council for purposes of preventing, suppressing and disrupting proliferation of weapons of mass destruction and the financing thereof.</b>	2019	Directive

**Section 2: What are Targeted Financial Sanctions (TFS)?**

The term targeted financial sanctions means restrictions that are imposed against specific individuals or groups, or undertakings. The term targeted financial sanctions includes both asset freezing and prevention of funds or other assets from being made available, directly or indirectly, for the benefit of individuals, entities, groups, or organizations who are sanctioned.

### **Key elements of Targeted Financial Sanctions**

There are two main elements of targeted financial sanctions:

I. **Asset freezing** means prohibition to transfer, convert, dispose, or move any funds or other assets that are owned or controlled by sanctioned or listed individuals, groups, or entities. It includes:

- The freezing of funds and other financial assets and economic resources, and includes preventing their use, alteration, movement, transfer, or access.
- It also includes preventing their use to obtain funds, goods, or services in any way, including, but not limited to, buying, selling, hiring, or mortgaging them.

#### **An example:**

- For FIs: a freezing measure can include suspending access to bank accounts or blocking transactions.
- For DNFBPs: a freezing measure can be stopping the facilitation of or blocking the buying, selling, transfer of ownership of immovable or movable assets.

II. **Prohibition to offer funds and services** means prevention to provide funds to, or render financial services or other services related to, any listed individual, group, or entity. This includes, for example, banning the opening of banking subsidiaries in sanctioned jurisdictions, the provision of financial services or trading in natural resources (including oil) and providing internet and/or telecommunications services.

#### **An example:**

- For FIs: not offering banking or transactional services.
- For DNFBPs: refusing to provide any services such as legal services to transfer asset ownership, the buying or selling of real estate, selling jewelry, precious metals, precious stones etc.

### **Purpose of Targeted Financial Sanctions (TFS)**

The purpose of implementing TFS is to deny certain individuals, groups, organizations, and entities the means to violate international peace and security, support terrorism or finance the proliferation of weapons of mass destruction. To

achieve this, it seeks to ensure that no funds, financial assets, or economic resources of any kind are available to listed actors for as long as they remain subject to the restrictive measures.

Targeted financial sanctions are implemented in terms of UNSCRs in relation to:

- i. Terrorism and terrorist financing (TF)
- ii. Financing of the proliferation of weapons of mass destruction (PF)

### **PART 3**

#### **Obligation to Implement Targeted Financial Sanctions**

FIs, DNFBPs and all other natural and legal persons who come into possession or control of any asset, funds or other economic resource belonging to, controlled or held by, or for the benefit of an individual or entity appearing on either of the two lists above, as updated from time to time, shall, **immediately and without delay (within 24 hours)**, freeze such funds, assets or economic resources.

**The implementation process for TFS is as follows:**

- 1. Register:** registration on the GoAML platform. This registration is aimed to help financial institutions and DNFBPs to receive updated and timely information about the listing and de-listing of individuals or entities on the UNSC List.
- 2. Screen:** Undertake ongoing and daily checks to the following internal databases and categories of customers to identify possible matches with names listed on the Sanctions Lists issued by the UNSC:
  - a. Existing customer databases;
  - b. Names of parties to any transactions;
  - c. Potential customers;
  - d. Beneficial owners;
  - e. Names of individuals or entities with direct or indirect relationships with listed individuals



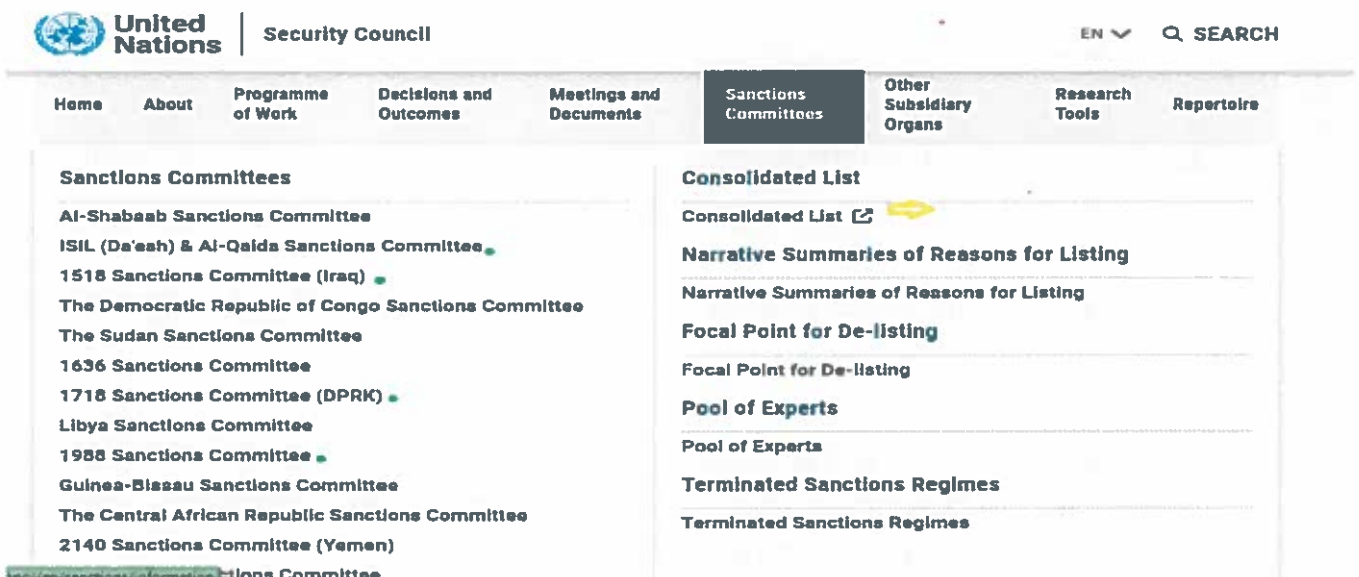
- f. Customers before conducting any transactions or entering a business relationship with any Person.
- g. Directors and/or agents acting on behalf of customers (including individuals with power of attorney).

**The screening process**

**Step 1:** Go to UN website <https://www.un.org/securitycouncil>



**Step 2:** Click on Sanctions Committee: Results are as shown below:



**Step 3:** FIs, DNFBPs and all other natural and legal persons are required to go to the consolidated list (in yellow above) and download the list, run all customer databases against the list to identify any customer with a positive match of any of the sanctioned persons.

**Step 4:** To check for new listings, click on each sanction committee marked by a green circle as shown above. For example, click on 1518 Sanctions Committee (Iraq) then select **Press Release**, results of the listings will be shown, with the date and document information. For full details on the listed or delisted person click on document title.

The screenshot shows the United Nations Security Council website. The left sidebar contains a menu with the following items: Narrative Summaries, Procedures for Listing, Procedures for Delisting, Delisting Guidelines, Resolutions, Committee Guidelines, Exemptions to the Measures, Arms Embargo, **Press Releases** (circled), and Selected Documents. The main content area displays information about the Security Council Committee established pursuant to resolution 1518 (2003). Below this, there is a section titled 'Sanctions measures' which contains a table with three columns: Measure, Description, and Exemptions to the measure.

Measure	Description	Exemptions to the measure
Arms Embargo	All States are required to prevent the sale or supply to Iraq of arms and related materiel.	Set out in paragraph 21 of resolution 1546 (2004).

**Step 5:** Run the details of the person against your database to enable the application of the TFS requirements as guided by this directive.

**Step 6:** Save or print search records. These must be maintained and made available to authorities when required.

**Important:** Initial screening must be performed **prior** to the onboarding of a customer and/or facilitation of an occasional transaction. Thereafter, screening should be done daily at the institution’s own initiative.

**NB:** If the individual or entity being screened matches all or most of the information on any of the Sanctions Lists, then this is likely to be a **confirmed match**. In this

case, you must implement the freezing measures immediately, refrain from offering any funds or services, and notify the FIU immediately without delay (within 24hrs). In applying the requirements all persons should understand key terms that are relevant and must act according to the definitions as tabled below:

<b>Potential match</b>	A potential match is when there is any match between data in the Sanctions Lists with any information in your databases. By taking into consideration the knowledge you have of the customer, potential customer, beneficial owner, or transaction, through the customer due diligence and/or using reasonable information, if you are satisfied that the individual or entity with a potential match is not subject to TFS, you do not need to implement any measure, you may allow the transaction or business to continue its normal course, and you are required to maintain evidence of this process in your records.
<b>Confirmed match</b>	A confirmed match is when a potential match has been confirmed to be the individual, group or entity subject to TFS or when there is no doubt, indication, or suspicion that the potential match may correspond to a individual, group or entity subject to TFS. TFS must be applied to this group.
<b>False positive result</b>	A false positive result is when a potential match was discharged.

**3. Application of Targeted Financial Sanctions:** The following are the measures that must be implemented if a match with the UNSC List is confirmed.

- i. **Freeze all funds:** freeze, without delay (immediately or in any case within 24 hrs.) and without prior notice to the Listed individual or entity all the funds:
  - a. Owned or controlled, wholly or jointly, directly, or indirectly, by a individual or entity listed by the UNSC list.
  - b. Derived or generated from funds under item (a); or
  - c. Any individual or entity acting on behalf of or at the direction of any individual or entity under item (a).

**Important:** The obligations to freeze shall not prevent additions to frozen accounts of:

- interest, profits, or other earnings due on the account; or
- of payments due under contracts, agreements or obligations agreed upon prior to the date on which the account has become subject to freezing, provided such additions are immediately frozen.

ii. **Prohibition of making funds available:** No Person (natural and legal) in Zimbabwe is permitted to provide funds to or render financial services or other services related to, whether in whole or in part, directly or indirectly, or for the benefit of any listed individual or group on the UNSC list.

4. **Time Limit on Freezing and Prohibition Measures**

Asset freezing and prohibition measures have no time limit: the funds must remain frozen, and the prohibition to offer funds and services stands until the individual, group, or entity is removed from the UN Sanctions List or until there is a freezing cancellation decision made and communicated in writing by the FIU.

5. **Reporting**

Where a FI, DNFBP or any other person (natural or legal) becomes aware that they are in possession of or have control over any assets, funds or other economic resources belonging to, controlled or held by, or for the benefit of a designated person, shall immediately and no later than 24 hours submit a written report to the Unit through the GoAML platform, providing sufficient particulars of the designated person, the funds, assets or other economic resource involved, and the action taken.

**In cases where the FIU distributes an update to the sanctions lists and no match is found, institutions should forward a Nil Return to FIU to show their compliance with the requirements.**

6. **Appeal against listing**

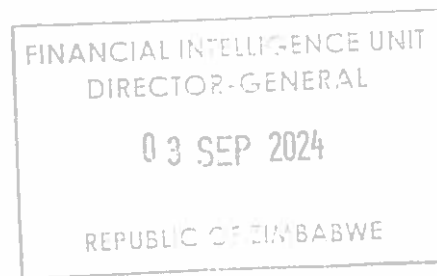
Any designated person aggrieved by a funds /asset freeze effected in terms of this directive has recourse through the Office of the Ombudsperson, whose contact details are:

Office of the Ombudsperson  
Room TB-08041D  
United Nations  
New York, NY 10017  
United States of America  
Tel: +1 212 963 2671; Fax: +1 212 963 1300/3778  
E-mail: [ombudsperson@un.org](mailto:ombudsperson@un.org)

You are hereby directed accordingly.



O. Chiperesa  
Director General  
**Financial Intelligence Unit**



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