

SANCTIONS CIVIL ENFORCEMENT AUTHORITY

ENFORCEMENT PROCEDURES

GUIDELINES

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FOREWORD

This document sets out the Sanctions Civil Enforcement Authority's (the "SCEA") guidelines regarding its enforcement powers under section 51A to 51C of the Sanctions Act 2019 (the "Act").

The SCEA's investigatory procedures include issuing warnings, making references to professional bodies, regulators and law enforcement agencies, publishing reports of cases and imposing monetary penalties. These are set out in the Sanctions Civil Enforcement Regulations 2026.

In terms of monetary penalties, these should incentivise compliance with the SCEA's investigatory powers and deter future failures to comply, while not being disproportionate or excessive in all the circumstances of the case.

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1. ACKNOWLEDGEMENTS

Where appropriate, the Sanctions Civil Enforcement Authority will seek to ensure that locally published guidance notes are consistent with those published by fellow sanctions authorities in other jurisdictions.

As well as reflecting the existing sanctions practices in Gibraltar, parts of this document reflect and/or incorporate the guidance from the UK's Office of Trade Sanctions Implementation (OTSI) and the Office of Financial Sanctions Implementation (OFSI).

The following document was used in the production of these guidelines:

(a) "UK financial sanctions general guidance", Office of Financial Sanctions Implementation, OFSI¹

(b) "Financial sanctions enforcement and monetary penalties guidance", Office of Financial Sanctions Implementation, OFSI²

(c) "How suspected breaches of trade sanctions are assessed by the Office of Trade Sanctions Implementation", OTSI³

¹<https://www.gov.uk/government/publications/financial-sanctions-general-guidance/uk-financial-sanctions-general-guidance> - accessed 25th June 2026.

²<https://www.gov.uk/government/publications/financial-sanctions-enforcement-and-monetary-penalties-guidance/financial-sanctions-enforcement-and-monetary-penalties-guidance> - accessed 25th June 2026.

³<https://www.gov.uk/guidance/how-suspected-breaches-of-trade-sanctions-are-assessed-by-the-office-of-trade-sanctions-implementation-otsi> - accessed 25th June 2026.

2. INTRODUCTION

The Gibraltar Regulatory Authority (the "Authority") is designated as the competent authority for the enforcement of civil sanctions in Gibraltar. Pursuant to such designation, the Authority must discharge all the functions, duties and obligations in accordance with the Sanctions Act 2019 (the "Act"), acting in its capacity as the **Sanctions Civil Enforcement Authority (the "SCEA")**.

Under the Act, sanctions are legal, restrictive measures imposed by His Majesty's Government of Gibraltar (HMGoG) or international bodies such as the United Nations, European Union and the UK Government, aimed at restricting or prohibiting dealings with certain persons, entities, states or assets, in pursuit of national security, compliance with international law and other policy objectives. The Act, at section 6 allows for the automatic recognition and enforcement of international sanctions in Gibraltar once these have been imposed by the relevant international body.

The restrictive measures covered by sanctions include financial, trade, shipping, aircraft and immigration sanctions that can apply to legal (companies/organisations) and natural persons (individuals), states and governments. For the purposes of this document, unless otherwise stated, all legal and natural persons will be referred to as "persons". Sanctions can also apply to economic sectors and resources and may involve asset freezes, prohibitions on making funds available, trade embargoes, transport restrictions and travel bans.

The SCEA has powers to investigate suspected breaches of sanctions and take the appropriate enforcement action. This document sets out the SCEA's guidelines regarding its enforcement powers under sections 51A to 51C of the Act. It will also encompass the SCEA's investigatory procedures pursuant to the Sanctions Civil Enforcement Regulations 2026.

When reaching decisions regarding enforcement action for failure to comply with the investigatory powers described above, the SCEA will have regard to this guidance document. The SCEA will apply these guidelines flexibly according to the circumstances of the case. However, different considerations may be relevant to the assessment of the appropriate penalty, depending on the nature of the investigation and the severity of the breach.

Even though there are both civil and criminal enforcement options to remedy breaches of sanctions, these guidelines only deal with civil enforcement powers as contained by the SCEA. Criminal prosecutions are assessed by law enforcement agencies which may work together with the SCEA and other organisations when considering how to intervene, if relevant.

It is important that the SCEA continually adapts its enforcement procedures to ensure that it is fulfilling its statutory duty in light of a dynamic and evolving economy. It therefore reserves the right to amend these guidelines from time to time in line with regulatory experience gained and expertise acquired. This guidance does not represent legal advice. In addition, this guidance is not binding and does not create substantive or procedural rights. The SCEA may depart from it where it considers it reasonable and appropriate to do so in the circumstances of a particular case.

3. INVESTIGATIONS

Application

When the SCEA assesses a suspected breach of sanctions, it will first seek to establish whether there has been a breach of a prohibition, or a failure to comply with an obligation. Sanctions regulations will contain prohibitions and obligations on carrying out certain activities or behaving in a certain way where sanctions apply. Individuals and companies should always refer to the up-to-date version of sanctions regulations imposing the specific sanctions that apply to understand exactly what is prohibited.

Sanctions rules apply to:

- all individuals or businesses within Gibraltar including British Gibraltar Territorial Waters;
- all Gibraltar nationals or Gibraltar businesses established under Gibraltar law, wherever they are in the world.

This means the SCEA can investigate suspected breaches committed by:

- individuals and legal entities who are within, or undertake activities within Gibraltar and its territorial waters;
- Gibraltar individuals and legal entities established under Gibraltar law, regardless of where in the world the breach takes place.

Summary of Investigation Procedures

Before taking any enforcement action, the SCEA may issue a notice of intent to the relevant person, outlining the action proposed and the reasons for it, giving the recipient at least fourteen days to make representations. Late representations are usually not considered, however, extensions may be considered if reasonable justification is provided. The SCEA requires representations in writing so that it has a clear record of all information considered when making the decision.

Representations must be in a format that:

- summarise each point that the person wishes the SCEA to take into account;
- explain why these points are relevant;
- explain how the person expects these points to affect the SCEA's case decision or penalty level; and
- provide copies of supporting documents as required, with relevant sections highlighted as appropriate.

A person may make representations about any relevant matters including, for example, matters of law, the facts of the case, the SCEA's interpretation of the facts, how it has followed its processes, and whether the penalty is fair and proportionate.

A person may also make representations on the effect that publication of any details would have on them or their company (or both). The SCEA may consider but disregard representations that are irrelevant, and if it disregards a representation, it will explain why in its response.

Representations may be made by the recipient or a properly appointed representative or agent. The SCEA will usually require written evidence that a representative or agent has been properly appointed before it communicates with them about the person's affairs. The recipient of the notice of intent may not publish the notice or any details concerning it unless the SCEA has published the notice or its details⁴.

After considering any representations, the SCEA will issue a decision notice stating the enforcement action it will take or a discontinuance notice explaining that the SCEA is not proposing to take any action.

When a decision notice is issued, the SCEA must explain that the recipient has a right to request a review of the decision and a right of appeal. Both must be requested within a stated time period which must be at least fourteen days. For appeals, the time period may commence from the date the decision notice was issued or the date on which the decision is upheld.

Where a review is requested, the SCEA will have twenty-eight days to either uphold, vary or cancel the decision notice.

The court may uphold, vary or cancel the decision notice and may direct the SCEA or any other person to take any specified action or make any other order.

Enforcement action may not be taken while a review or appeal can still be initiated or is still ongoing.

How Investigations are carried out

In the first instance, the SCEA has statutory powers to require the provision of information for various reasons, including for the purposes of monitoring compliance with or detecting evasion of the Act. The SCEA can specify the manner in which it is to be provided, including any applicable deadline by when the information should be submitted. If a person fails, without reasonable excuse, to provide the requested information or knowingly provides false information, they may commit an offence.

The Act does not define the phrase "without reasonable excuse" and therefore the circumstances that constitute a reasonable excuse are not fixed and the SCEA will consider whether any reasons for failure to comply amount to a reasonable excuse on a case-by-case basis. The SCEA will also consider whether a significant and genuinely unforeseeable or unusual event and/or an event beyond the individual or business' control has caused the failure, and whether the failure would not otherwise have taken place. For example, a significant and demonstrable IT failure (which could not reasonably have been foreseen or

⁴ Regulation 5(6) of the Sanctions Civil Enforcement Regulations 2026.

avoided), which prevented the individual or business from meeting a deadline might, depending on the circumstances, amount to a reasonable excuse.

If the SCEA determines that there has not been a breach of a prohibition or failure to comply with an obligation, it will close the case. If it believes that a suspected breach sits outside of its enforcement powers, or if a case involves breaches across multiple types of sanctions, the SCEA may disclose the suspected breach to the relevant bodies. These organisations include the Royal Gibraltar Police, HM Customs, the Gibraltar Financial Services Commission and the Legal Services Regulatory Authority, amongst others. If the SCEA receives information relating to possible breaches of sanctions in another jurisdiction, it may use its information sharing powers to alert the relevant international authorities.

If the SCEA is satisfied that there has been a breach, it will then determine the severity of the breach. A breach may be determined as being of Lesser Severity, Medium Severity, or High Severity. The SCEA draws this distinction to ensure that the enforcement outcome is proportionate to the severity of the breach. Where non-compliance has been identified, the aim of the enforcement outcome is to change behaviour and to improve future compliance.

Whilst certain enforcement outcomes are generally associated with particular levels of severity, the SCEA retains discretion to depart from those outcomes where the particular facts and circumstances of the case justify doing so.

Indicators of a **Lesser Severity** breach may include but are not limited to:

- low or no culpability;
- lower harm to the purposes of the sanctions regime;
- lower financial value, where there are no other relevant indicators.

Indicators of a **Medium Severity** breach may include but are not limited to:

- failure to prevent a breach through behaviours such as negligence or recklessness;
- significant or moderate harm to the purposes of the sanctions regime;
- moderate financial value, where there are no other relevant indicators.

Indicators of a **High Severity** breach may include but are not limited to:

- a significant level of culpability, which could include intentional actions, extensive planning or significant negligence and concealment efforts;
- serious harm to the purposes of the sanctions regime;
- high financial value, where there are no other relevant indicators.

This is not an exhaustive list, and the SCEA will consider indicators in totality when assessing the severity of a given breach.

When investigating a suspected breach, it is important to note that the SCEA does not need to be satisfied that a person acted knowingly or with intent to take enforcement action. This will only be considered as a factor to the case.

The SCEA will assess the seriousness of breaches on their merits and determine what enforcement action is appropriate and proportionate on a case-by-case basis. Lesser severity cases are likely to be dealt with via a private warning letter, provided there are no significant aggravating factors, and the breach does not form part of a wider pattern.

Moderate cases are likely to be dealt with via a publication of the enforcement decision without a monetary penalty. The SCEA will consider the impact and proportionality of the publication and whether it is in the public interest to share information about a breach. Publishing details about breaches helps increase awareness of sanctions and deters non-compliance. Any statement published may name the individual or business who has committed the breach and provide facts about the breach. This may include information about specific risks and broader trends to assist other individuals and businesses to comply with sanctions. The SCEA will consider any representations made by the affected person, on the effect of publishing any details, but will usually identify the individual or company unless there are strong reasons not to do so.

The SCEA will generally not publish a statement about a breach until the affected person has had the opportunity to exercise their right to request a review or appeal a decision. If the SCEA does not publish a statement or decides it is not proportionate, it will satisfy the reporting requirements at section 51A(6) of the Act by either publishing an anonymised report, or by including the case in statistical information and any aggregated reporting the SCEA publishes.

The most serious of cases may involve particularly poor, negligent or intentional conduct or severe or lasting damage to the purposes of the sanctions regime. In these cases, the SCEA may impose a monetary penalty if it is able to demonstrate that a breach occurred on the balance of probabilities.

"Balance of probabilities" is the civil standard of proof and means the SCEA considers that, on the evidence, the occurrence of the breach was more likely than not. The SCEA will not be seeking to prove facts beyond reasonable doubt (the criminal standard), but to make a judgement on whether it is more likely than not that they are true.

Additionally, where there is evidence of circumvention or high levels of recklessness, serious evasion and intentional actions, the SCEA may refer the matter to law enforcement such as the Royal Gibraltar Police for a criminal investigation and potential prosecution.

4. BREACH ASSESSMENT

The SCEA will treat each suspected breach on its own merits and will assess the facts to decide on an outcome that is fair, proportionate and best enforces the purpose of the regime. The SCEA will take a number of factors into account, including those below, when assessing the specific facts of the case. Case factors will enable the SCEA to make an overall assessment as to the severity of the breach and the conduct of the person who has breached the sanction. It may also seek legal advice.

Factors taken into account by the SCEA may include:

1. Harm or Risk of Harm

The SCEA will make an assessment of the harm or the risk of harm done to the sanction regime's objectives. Those objectives are set out in the relevant instrument, which would describe what activities the regime aims to prevent or encourage. The greater the risk of harm to the regime's objectives, the more seriously the SCEA is likely to regard a case.

2. Value of the Breach

Where relevant, the SCEA will consider the financial value (which may be a reasonable estimate) of the transactions or resources involved in the breach of the regulations as one factor in the overall assessment of the case. While a high value breach is generally more likely to result in enforcement action, there are circumstances involving lower value breaches where it will be considered appropriate to take enforcement action.

3. Previous Behaviour

Repeated, persistent or extended breaches by the same person will be considered as an aggravating factor. This is particularly true when the person is unresponsive to a warning and commits further breaches of sanctions. The SCEA will view multiple breaches extended over time as being more serious collectively, even if individually they are of low value or relative seriousness.

4. Knowledge and Intent

The SCEA will consider whether the breach appears to be deliberate, whether there is evidence of neglect or a failure to take reasonable care, whether there has been a systems and control failure or an incorrect legal interpretation, whether the person seems unaware of their responsibilities and whether there has simply been a mistake.

Although no longer part of the legal test for establishing a breach of sanctions, the SCEA may assess whether or not a person knew and/or had reasonable cause to suspect that a breach may have occurred.

It is possible for a mistake to cause a breach of sanctions regulations, for example making funds available to a sanctioned person. The SCEA will consider both actual knowledge and whether a person should have been aware of the effect of their actions.

5. Due Diligence

The SCEA will consider whether the level of due diligence conducted was appropriate to the degree of sanctions risk and nature of the transaction. The nature of a person's contractual or commercial relationship with the entity will also be relevant to the SCEA's consideration of the appropriateness of measures undertaken. The SCEA would expect to see evidence of a decision-making process that took account of the sanctions risk and considered what would be an appropriate level of due diligence in light of that risk.

6. Knowledge of Sanctions

When the SCEA considers what action to take, it will take into account the level of actual and expected knowledge of sanctions held by an individual or a company, considering the kind of work they do and their exposure to any sanctions risk.

Regulated professionals should meet regulatory and professional standards and the SCEA may consider their failure to do so an aggravating factor.

7. Failure to apply for a Licence or Breaching Licence Terms

The Sanctions Coordination Unit at the Ministry of Justice, Trade and Industry issues licences on behalf of the Chief Minister to allow acts that would otherwise breach prohibitions imposed by international sanctions. Any licensable activity may be subject to conditions and reporting requirements. Before conducting activity that a person believes is permitted by a licence, a person must assure themselves that the relevant licence remains valid for use. A person who without reasonable excuse breaches the terms of the licence commits an offence. The SCEA will consider whether any licences are in force or whether they have been breached or not.

8. Facilitation

Individuals who act on behalf of or provide advice to others as part of their job may be considered professional facilitators and they should ensure they act within the law while representing their client. Simply discovering a potential breach does not automatically make a professional facilitator party to it, but they may become so if their subsequent actions amount to collusion in the breach.

9. Cooperation

The SCEA also values cooperation throughout the course of an investigation and consideration of enforcement action. Cooperation makes enforcing the law simpler, easier, quicker and more effective. Any potential breaches should be reported to the SCEA.

This may include a person proactively undertaking internal investigations and providing the SCEA with material or information beyond that requested that could assist the SCEA's consideration of the case. The prompt provision of complete responses to questions will also be considered relevant, and refusal to do so may be considered an aggravating factor.

10. Disclosure

Breaches of sanctions should be disclosed as soon as reasonably practicable after discovery of the breach. Although it is reasonable for a person to take some time to assess the nature and extent of the breach, or seek legal advice, this should not delay an effective response to the breach. In practice, it is better to contact and inform the SCEA early of a breach or potential breach.

Where full disclosure is not possible, a person should make an early disclosure with partial information, on the basis that it is still working out the facts and will make a further and full disclosure as soon as possible.

Voluntary disclosure of a breach of sanctions may be a mitigating factor when the SCEA conducts an investigation. It may also have an impact on any subsequent decision to apply a monetary penalty and its amount. However, any possible reduction on a penalty may not be applied if it transpires that the person under investigation has not made a complete disclosure in the course of the investigation or if they are self-disclosing to the SCEA only because they believe that the SCEA is already aware of a suspected breach.

11. Public Interest

The public interest is also considered in pursuing enforcement action and in determining the type of enforcement action to pursue. Consideration of the public interest will encompass such issues as the prudent use of public resources, and fairness and consistency in applying the law. In some instances, it may not be in the public interest to take enforcement action even where this appears to be warranted, and in other instances it may be in the public interest to take more serious action than the facts of the breach appear to warrant.

12. Other Relevant Factors

The SCEA reserves the right to consider any factor in a case if it is material and relevant. This enables it to consider new situations and ensure all the facts receive due attention.

Some sectors are affected by sanctions in ways that require specialist knowledge of the sector to assess. The SCEA will always consider specific circumstances when assessing the facts of a case and may take specialist advice to ensure it understands the situation correctly. It may also ask for more information from those involved.

5. PENALTIES

Power to impose a Monetary Penalty

The SCEA has the power to impose a monetary penalty on a person, if satisfied, on the balance of probabilities, that there has been a breach of a prohibition or a failure to comply with an obligation that is imposed by the Act, international sanctions or any sanctions regulations. The level of the penalty will be determined by the SCEA however, it may not exceed the permitted maximum of:

(a) £1,000,000 (1 million pounds); or

(b) 50% of the estimated value of the funds or resources if more than £1,000,000 (where the breach or failure relates to particular funds or economic resources and it is possible to estimate the value of the funds or economic resources).

Where the SCEA imposes a monetary penalty on a body, it may also impose a penalty on an officer of the body if satisfied, on the balance of probabilities that the breach or failure was committed with the consent or connivance of the officer or was attributable to any neglect on the part of the officer. In this case, the SCEA will consider the imposition and level of monetary penalty on an officer of a body separately from that of the body. Separate appeal rights will also exist for both parties. "Officer" is defined in the Act as a director, manager, secretary or other similar officer of the body, or a person purporting to act in any such capacity.

Imposing a penalty

Following a case assessment, the SCEA will likely conclude that the penalty threshold has been reached if the case meets the tests in section 51A(1) of the Act and on the balance of probabilities, there has been a breach, and it considers that a monetary penalty is appropriate and proportionate. The SCEA will assess these matters on a case-by-case basis and in practice will decide what enforcement response is appropriate depending on whether the case is of lesser or moderate severity or serious enough to justify the imposition of a monetary penalty.

The SCEA considers that penalties imposed on an individual or company should, on the one hand, incentivise compliance with sanctions obligations and investigatory requirements and deter future non-compliance, while not being disproportionate or excessive in all the circumstances of the case.

This assessment may affect the level of penalty that is set. In some cases where an initial failure has been remedied, it may still be appropriate to impose a penalty to reflect the nature and gravity of the failure and/or to achieve deterrence.

Monetary Penalty Decision

The monetary penalty decision can be summarised as follows:

1. Determine the estimated value of the transactions in question (if relevant);

2. Establish the maximum monetary penalty - this is £1,000,000 or 50% of the estimated value of the breach, whichever is higher;
3. Apply the severity determination – either lesser, medium or high severity, depending on the facts;
4. Determine the baseline: this is also based on the facts of the case and what level of monetary penalty under the relevant maximum would be reasonable and proportionate;
5. Decide if a reduction applies – take into account any mitigating factors and determine an appropriate percentage reduction and apply it to the baseline.

In the event that there is no transaction value to base a calculation on, the SCEA will impose such monetary penalty as seems reasonable and proportionate to the facts of the case. The permitted maximum in such cases is £1,000,000.

If a monetary penalty is being imposed for more than one breach, the SCEA may determine a penalty for each individual breach, based on the severity and circumstances. It will then assess if the final monetary penalty is just and proportionate.

A monetary penalty may not be imposed by the SCEA for conduct in respect of which criminal proceedings have been brought, and criminal proceedings may not be brought in respect of conduct for which a monetary penalty has been imposed.

All monetary penalties are paid into the Consolidated Fund and are recoverable as a civil debt.

Publication of Monetary Penalty

The SCEA will normally publish details of all monetary penalties it imposes, although it will take into account the same considerations when it chooses to publish details of its enforcement decisions without monetary penalties mentioned above. Please refer to how the SCEA deals with sanctions breaches of medium severity. The SCEA will consider the impact and proportionality of the publication and whether it is in the public interest to share information about a breach.

Publishing such details helps increase awareness, deter future non-compliance and promotes good practice. However, where the SCEA determines that publication would be disproportionate or that it might jeopardise market stability, it may delay publication, anonymise the published statement or not publish the statement at all.

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