

G U I D A N C E

FREEZING OF PROPERTY OF PERSONS AND ENTITIES RELATED TO TERRORISM OR PROLIFERATION OF WEAPONS OF MASS DESTRUCTION; PROVIDING ACCESS TO FROZEN PROPERTY AND RELATED ACTIONS

CHAPTER 1: INTRODUCTION

1. This guidance reflects on the obligation and procedure for freezing property and disrupting access to frozen property, pursuant to Articles 3, 11 and 28 of the Republic of Armenia Law on Combatting Money Laundering and Terrorism Financing (the Law), and to FATF Recommendations 6 and 7 (February 2012) setting out international standards on combating money laundering and the financing of terrorism and the financing of proliferation of weapons of mass destruction, including on the procedure for identifying persons and entities designated under the lists published by or in accordance with the United Nations Security Council (UNSC) resolutions and under the lists published by the Authorized Body on its own initiative or upon the request of foreign competent authorities; as well as for making payments from and additions to frozen property.
2. This Guidance aims at, *inter alia*, establishing mechanisms that enable immediate communication of listing decisions to the reporting entities stipulated by the Law and to state authorities, as well as providing guidance to parties, which may be holding property subject to targeted financial sanctions, on their obligations in taking action under freezing mechanisms.
3. This Guidance focuses on preventive measures that are necessary and mandatory in the context of disrupting access to and unauthorized usage of property by persons and entities related to terrorism or proliferation of weapons of mass destruction.
4. The terms used in this Guidance shall have the same meaning as specified by the Law and the FATF Recommendations.

CHAPTER 2: PROPERTY SUBJECT TO FREEZING AND DISRUPTION OF ACCESS

5. Clause 1, Part 1 of Article 3 of the Law specifies the composition of the property subject to freezing.
6. In accordance with the procedure established by this Guidance, the freezing obligation shall extend to any property that is:
 - a) Owned or controlled by persons or entities related to terrorism or proliferation of weapons of mass destruction; this shall include not just the property that can be tied to a particular terrorist or proliferation act, plot or threat;
 - b) Wholly or jointly owned or controlled, directly or indirectly, by persons or entities related to terrorism or proliferation of weapons of mass destruction; and
 - c) Derived or generated from property owned or controlled, directly or indirectly, by persons or entities related to terrorism or proliferation of weapons of mass destruction; as well as

- d) Owned by persons and entities acting on behalf, or at the direction, of persons or entities related to terrorism or proliferation of weapons of mass destruction.
- 7. In accordance with the procedure established by this Guidance, the obligation to disrupt access shall extend to, any property, economic resources or financial and other related services made available, directly or indirectly, wholly or jointly, to persons or entities related to terrorism or proliferation of weapons of mass destruction, unless licensed, authorized or otherwise notified in accordance with the relevant UNSC resolutions.

CHAPTER 3: PROCEDURE FOR FREEZING OF OR DISRUPTING ACCESS TO PROPERTY

- 8. For the purpose of freezing property, reporting entities stipulated by the Law and state authorities should:

- a) Check the identification data of their customers, and – in the case of state authorities – all persons and entities that these authorities interaction with in the course of performing their functions stipulated by applicable law, with the identification data of persons and entities related to terrorism or proliferation of weapons of mass destruction. Identification data is specified in Part 4 of Article 16 of the Law.

Such checks can be performed through any available means, including the matching tool available on the official website of the Authorized Body (www.cba.am), or through the automated software application that integrates the matching algorithm provided by the Authorized Body;

- b) In case of detecting positive matches (including matches with the minimum number of identical symbols specified by the Authorized Body) in identification data, freeze the property for an indefinite period of time, without delay and without prior notice of persons and entities related to terrorism or proliferation of weapons of mass destruction.

Upon freezing of property, reporting entities should file a suspicious transaction report with the Authorized Body in the form, manner and timeframes specified in Article 8 of the Law. Upon freezing (arresting, seizing or suspending) property, state authorities should without delay notify the Authorized Body as prescribed by the Law.

- 9. For the purpose of disrupting access to property, reporting entities stipulated by the Law should:

- a) Check the names, surnames/titles of the counterparties to their customer (other parties to the transaction) with the relevant data of persons and entities related to terrorism or proliferation of weapons of mass destruction.

Such checks can be performed through any available means, including the matching tool available on the official website of the Authorized Body (www.cba.am), or through the automated software application that integrates the matching algorithm provided by the Authorized Body;

- b) In case of detecting similar data (including matches with the minimum number of identical symbols specified by the Authorized Body) in the names, surnames/titles of the counterparties to their customer (other parties to the transaction) compared with the relevant data of persons and entities related to terrorism or proliferation of weapons of mass destruction, require identification data of the counterparties to their customer (other parties to the transaction) as specified in Part 4, Article 16 of the Law;

- c) In case of detecting positive matches (including matches with the minimum number of identical symbols specified by the Authorized Body) in identification data of the counterparties to their customer (other parties to the transaction) with the identification data of persons and entities related to terrorism or proliferation of weapons of mass destruction, disrupt (refuse,

prohibit) access to property by persons and entities related to terrorism or proliferation of weapons of mass destruction.

Upon disrupting access of persons and entities related to terrorism or proliferation of weapons of mass destruction to property, economic resources, financial or other related services, reporting entities should file a suspicious transaction report with the Authorized Body in compliance with Part 1, Article 7 of the Law.

CHAPTER 4: PROCEDURE FOR MAKING PAYMENTS FROM FROZEN PROPERTY OF PERSONS AND ENTITIES RELATED TO TERRORISM

10. Persons and entities related to terrorism shall be entitled to request the Authorized Body to authorize access to frozen property whenever this is necessary for basic expenses, for the payment of certain types of fees, expenses and service charges, or for extraordinary expenses. In particular, these shall include the payments necessary for:
 - a) Basic expenses, including payments for foodstuffs, rent, mortgage, medicines and medical treatment, taxes, insurance premiums, and public utility charges, as well as exclusively reasonable professional services, including legal fees, and service charges for routine holding or maintenance of frozen property;
 - b) Extraordinary expenses.
11. Payments from the frozen property of the terrorism-related persons and entities designated under the lists published by or in accordance with the UNSC resolutions for expenses specified in Point (a) of Clause 10 of this Guidance shall be made from their accounts after notification by the body authorized in the area of foreign affairs of the Republic of Armenia to the respective UNSC Committee and in the absence of a negative decision by that Committee within the established timeframe of such notification; and payments for expenses specified in Point (b) of the same Clause shall be made upon receiving the positive decision of the relevant UNSC Committee in response to such notification.
12. Payments from the frozen property of the terrorism-related persons and entities designated under the lists published by the Authorized Body on its own initiative or upon the request of foreign competent authorities for expenses specified in Clause 10 of this Guidance shall be made from their accounts upon the positive decision of the Authorized Body.
13. To receive authorization for payments from their frozen property, persons and entities related to terrorism shall apply to the Authorized Body by submitting an application as per the template provided in Annex 1 to this Guidance (hereinafter referred to as the Application), which may be accompanied by documents substantiating the Application.
14. Incomplete or incorrect Applications submitted to the Authorized Body shall be rejected. In the meaning of this Clause, an Application shall be considered incomplete or incorrect, if it fails to contain all the information about the applicant, as specified in Annex 1 to this Guidance. In case of Applications rejected for reasons stipulated in this Clause, the applicant may resubmit the Application after eliminating the shortcomings specified by the Authorized Body.
15. The Authorized Body shall be entitled to request additional documents and information substantiating the Application.
16. Upon receipt of the Application and the complete set of substantiating documents and information for making payments from the accounts of the terrorism-related persons and entities designated under the lists published by or in accordance with the UNSC resolutions using the frozen property for expenses specified in Clause 10 of this Guidance, the Authorized Body shall advise the body authorized in the area of foreign affairs of the Republic of Armenia to file a notification with the respective UNSC Committee in accordance with the procedure established by that Committee.

17. Upon receipt of the Application and the complete set of substantiating documents and information for making payments from the accounts of the terrorism-related persons and entities designated under the lists published by the Authorized Body on its own initiative or upon the request of competent foreign bodies using the frozen property for expenses specified in Clause 10 of this Guidance, the Authorized Body shall make a positive or negative decision within a 15-day period. The consideration period may be prolonged by no more than one month, where the Authorized Body needs to make an inquiry (inquiries), including those to foreign competent authorities, to obtain additional information. The Authorized Body shall notify the Applicant about the prolongation of the consideration period.
18. Where the Authorized Body does not receive a negative decision or receives a positive decision on the Application from the relevant UNSC Committee in accordance with the procedure established in Clause 11 of this Guidance, or where the Authorized Body makes a positive or negative decision on the Application in accordance with the procedure established in Clause 12 of this Guidance, it shall notify the applicant on the relevant outcome within two days. In case of positive outcome on the Application, the notification shall clearly specify the location, composition and magnitude (amount) of property to be made available to the applicant, the manner and method for providing access to such property, the authorized purpose(s) for using the property, and one copy of the notification shall be disseminated to the concerned reporting entities stipulated by the Law and state authorities. Based on such notification, reporting entities stipulated by the Law and state authorities shall ensure access to the property specified in the notification.
19. A person with a rejected Application may reapply to the Authorized Body on the matter of receiving authorization for payments from frozen property, provided that additional circumstances have emerged to point out that the person complies with the conditions for such payments.
20. The Authorized Body shall collect information from reporting entities stipulated by the Law and state authorities on the usage of property through payments for expenses specified in Clause 10 of this Guidance.
21. In case of payments from the frozen property of the terrorism-related persons and entities designated under the lists published by or in accordance with the UNSC resolutions for expenses specified in Point (b) of Clause 10 of this Guidance, the Authorized Body shall notify, through the body authorized in the area of foreign affairs of the Republic of Armenia, the respective UNSC Committee on the usage of such property.

CHAPTER 5: PROCEDURE FOR ADDITIONS TO AND PAYMENTS FROM FROZEN PROPERTY OF PERSONS AND ENTITIES RELATED TO PROLIFERATION OF WEAPONS OF MASS DESTRUCTION

22. Reporting entities stipulated by the Law may authorize the following additions to the frozen property of persons and entities related to proliferation of weapons of mass destruction:
 - a) Interests or other earnings due on the property;
 - b) Payments due under contracts, agreements or obligations that arose prior to the date on which the property became subject to freezing.
23. Additions to the accounts of persons and entities related to proliferation of weapons of mass destruction specified in Clause 22 of this Guidance shall be frozen property.
24. In addition to payments specified in Clause 10 of this Guidance, persons and entities related to proliferation of weapons of mass destruction may also make payments, upon approval of the Authorized Body, due under a contract entered into prior to the listing of such person or entity, provided that:

- a) The contract is not related to any of the prohibited items, materials, equipment, goods, technologies, assistance, training, financial assistance, investment, brokering or services referred to in UNSCR 2231 or any successor resolutions;
 - b) The payment is not directly or indirectly received by a person or entity designated under UNSCR 2231 or any successor resolutions;
 - c) Based on the motion of the Authorized Body, the body authorized in the area of foreign affairs of the Republic of Armenia has submitted a prior notification to the relevant Committee of the Security Council on the intention to authorize such payments in accordance with the procedure established by that Committee, ten working days prior to such authorization.
25. Access to frozen property for payments specified in Clause 24 of this Guidance shall be authorized in accordance with the procedure established in Chapter 5 of this Guidance.

**Guidance on Freezing of Property of Persons and Entities
Related to Terrorism or Proliferation of Weapons of Mass Destruction;
Providing Access to Frozen Property and Related Actions**

T E M P L A T E

**APPLICATION TO RECEIVE AUTHORIZATION FOR PAYMENTS FROM FROZEN
PROPERTY OF PERSONS AND ENTITIES DESIGNATED UNDER THE LISTS
PUBLISHED BY OR IN ACCORDANCE WITH THE UNITED NATIONS SECURITY
COUNCIL RESOLUTIONS AND UNDER THE LISTS PUBLISHED BY THE AUTHORIZED
BODY ON ITS OWN INITIATIVE OR UPON THE REQUEST OF
FOREIGN COMPETENT AUTHORITIES**

1. Subject of the application

Please specify the type of expense for which payment is requested from frozen property
☐ Basic expenses, particularly payments necessary for: ○ Foodstuffs; ○ Rent; ○ Mortgage; ○ Medicines and medical treatment; ○ Taxes; ○ Insurance premiums; ○ Public utility charges; ○ Professional services, including legal fees; ○ Service charges for routine holding or maintenance of frozen property; ☐ Extraordinary expenses, particularly payments necessary for: (please provide a brief description of the necessary extraordinary expenses) ☐ Payments due under a contract (please provide a brief description of the payments)

2. Information on the applicant

1) For natural persons

Name, surname /as spelled in the list/	
Serial number and date of issue of identification document	
Date of birth	
Place of birth	

/City/region/country/		
Nationality	Current	
	Previous /specify the dates/	
Registration address	Main address /city/region/country/	
	Other addresses /previous / current/	

2) For legal entities

Name /as spelled in the list/		
Short name or abbreviation		
Identification (taxpayer) number		
Domicile	Current	
	Previous, if applicable	
Other information		

3. Details of the requested payment from frozen property

Please provide the details of the requested payment from frozen property (attach documents, as necessary)	
Recipient (name and address) _____	
Recipient's bank information (name and address of bank, account number) _____	
Amount of installment _____	
Number of installments _____	
Payment starting date _____	
Payment method (bank transfer/ direct debit) _____	
Other information _____	

4. Previous applications to authorize payments from frozen property

Are there other applications to authorize payments from frozen property of the same person or entity?	
Yes ☐ No ☐	
If yes, please provide details _____	

5. Grounds for requesting authorization of payments from frozen property

Please provide detailed description of the grounds for requesting authorization of payments from frozen property (attach documents, as necessary)	

6. List of attached documents

Please indicate the titles of the documents and the number of pages

7. Information on the submission of the application

The application to receive authorization for payments from frozen property of ----- recorded under number ----- in the lists published by or in accordance with the United Nations Security Council resolutions and/or in the lists published by the Authorized Body on its own initiative or upon the request of foreign competent bodies has been submitted on ----/----/----.

(Signature)