

## News

# New guidance issued on trade sanctions

05 February 2025

The Office of Trade Sanctions Implementation (OTSI), which is part of the Department for Business and Trade (DBT), has issued new guidance detailing its enforcement powers.

OTSI is responsible for the civil enforcement of specific trade sanctions, in a similar way to the Office for Financial Sanctions Implementation (OFSI). These powers come from the Trade, Aircraft and Shipping Sanctions (Civil Enforcement) Regulations 2024, effective from 10 October 2024. It includes the authority to impose monetary penalties up to £1m or 50% of the breach's estimated value, whichever is higher. These penalties can be applied on a strict liability basis, determined by the balance of probabilities. Legal professionals are now required to report suspected breaches of trade sanctions to OTSI.

## Key risks for the legal sector

Areas of legal work that could be affected by trade sanctions include:

- Legal advisory services – Providing advice on corporate structures, contracts, or transactions that could involve sanctioned entities or jurisdictions.
- Trust and company services – Setting up companies, trusts, or other legal structures that may be used to evade trade sanctions.
- Client due diligence and risk assessment – Ensuring firms conduct proper checks when dealing with high-risk clients or transactions.
- Litigation and dispute resolution – Managing cases involving sanctioned individuals, entities, or assets, where compliance with trade sanctions is required.
- Commercial transactions – Handling mergers, acquisitions, or financial arrangements involving restricted goods, technology, or services.

You should be particularly mindful of the mandatory reporting obligations introduced by these regulations. You are now required to report suspected breaches of trade sanctions to OTSI. Failure to comply with these reporting obligations can constitute a criminal offence.

## Further guidance

For full details, see:



- [How to report a suspected breach of trade sanctions](https://www.gov.uk/guidance/report-a-suspected-breach-of-trade-sanctions)  
[<https://www.gov.uk/guidance/report-a-suspected-breach-of-trade-sanctions>]
- [Trade, aircraft and shipping sanctions, civil enforcement: guidance](https://www.gov.uk/government/publications/trade-aircraft-and-shipping-sanctions-civil-enforcement-guidance/trade-aircraft-and-shipping-sanctions-civil-enforcement-guidance)  
[<https://www.gov.uk/government/publications/trade-aircraft-and-shipping-sanctions-civil-enforcement-guidance/trade-aircraft-and-shipping-sanctions-civil-enforcement-guidance>]
- [How suspected breaches of trade sanctions are assessed by OTSI](https://www.gov.uk/guidance/how-suspected-breaches-of-trade-sanctions-are-assessed-by-the-office-of-trade-sanctions-implementation-otsi)  
[<https://www.gov.uk/guidance/how-suspected-breaches-of-trade-sanctions-are-assessed-by-the-office-of-trade-sanctions-implementation-otsi>]

Please make sure you understand these rules to stay compliant and advise your clients correctly.