

Module	Financial Sanctions
Jurisdiction	European Union

Module Scope

This module covers the principal legal, operational and governance requirements arising under EU financial sanctions regimes, including multilateral and EU autonomous measures, and their application across financial, commercial and cross-border activities.

Some of the specific questions this module covers are:

- › Does the organisation ensure that it does not engage in prohibited financial or economic dealings with designated persons, entities or jurisdictions under applicable EU sanctions regimes?
- › Does the organisation implement a risk-based framework to identify, assess and manage sanctions risks across its operations, transactions and business relationships?
- › Does the organisation establish and maintain effective controls, governance and monitoring systems to prevent sanctions breaches and circumvention?
- › Does the organisation ensure that it meets its obligations relating to reporting, cooperation with authorities and the lawful use of exemptions or authorisations under EU sanctions frameworks?

The key topics covered in this module are:

- › EU Sanctions Regimes and Legal Framework
- › Financial Sanctions and Asset-Freezing Obligations
- › Thematic and Geographical Sanctions
- › Screening and Detection Controls
- › Sanctions Compliance Programme
- › Sanctions Circumvention and Risk Mitigation
- › Authorisations, Exemptions and Blocking Statute Considerations
- › Information, Reporting and Regulatory Cooperation

Non-compliance with EU financial sanctions exposes organisations and individuals to significant civil, administrative and criminal liability. This includes breaches such as failing to freeze assets, making funds or economic resources available to designated persons, engaging in prohibited transactions, or participating in sanctions circumvention.

Serious violations may result in criminal prosecution, with natural and legal persons facing imprisonment and financial penalties. Organisations may be subject to substantial fines, potentially linked to global turnover, as well as additional measures such as exclusion from public funding, withdrawal of authorisations, or restrictions on business operations.

Module Application

Financial sanctions are among the most dynamic and high-risk areas of regulatory compliance, driven by rapidly evolving geopolitical developments and increasing regulatory scrutiny. Every organisation is expected to respond in real time to changes in sanctions regimes, often across multiple jurisdictions, while ensuring that prohibited transactions are identified and prevented before they occur.

The EU sanctions framework is complex and far-reaching. It combines multilateral measures implementing United Nations Security Council resolutions with autonomous EU regimes that may go further in scope and impact. Organisations must navigate asset-freezing obligations, prohibitions on making funds or economic resources available, and extensive restrictions across trade, investment and financial services. For example, measures relating to Russia and Ukraine impose wide-ranging financial and sectoral restrictions, while thematic regimes target conduct such as cyber-attacks, terrorism and serious human rights abuses globally.

For organisations, the challenge is not only understanding these rules but operationalising them effectively. Sanctions risk often arise in indirect and complex ways, including through layered ownership structures, intermediaries, third-party payments, and global supply chains. A failure to identify these risks can result in inadvertent breaches, even where there is no direct relationship with a designated party.

This module is designed to address these challenges by translating regulatory requirements into a structured, practical compliance framework. It supports organisations in implementing screening and detection controls, assessing ownership and control relationships, conducting risk-based due diligence, and embedding sanctions compliance into governance and operational processes.

The module also addresses critical areas of increasing regulatory focus, including sanctions circumvention risks, the management of exemptions and authorisations, and the interaction between EU sanctions and third-country regimes under the EU Blocking Statute. These areas present particular complexity for organisations operating internationally and require careful navigation to avoid conflicting legal obligations.

This module applies to organisations operating within the EU, as well as those with exposure to EU sanctions through their operations, counterparties or transactions. It is particularly relevant to financial institutions, multinational corporates, exporters, intermediaries and any organisation involved in cross-border business activities.

By providing a clear and structured approach to EU financial sanctions, this module enables organisations to strengthen compliance, reduce regulatory risk, and respond confidently to an increasingly complex and fast-moving sanctions environment.

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