



Treasury Committee

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Nikhil Rathi
Chief Executive
Financial Conduct Authority

Via email

20 June 2022

Dear Nikhil,

I write to you as part of the Treasury Committee's inquiry on '[Russia: effective economic sanctions](#)'. I would be grateful if you could answer the following questions to assist our understanding of the Financial Conduct Authority's (FCA) responsibilities regarding financial sanctions:

Responsibilities regarding financial sanctions

1. What is the current level of awareness and compliance at authorised firms of their obligations under UK sanctions legislation?
 - (a) What is the overall adequacy of firms' systems and controls in this area?
 - (b) Does this vary by sector or firm size?
 - (c) Are there areas of particular concern?
2. Prior to Russia's invasion of Ukraine, what recent work had the FCA undertaken in this area?
3. How does the FCA feed into the design, implementation and enforcement of financial sanctions?
4. Does the FCA share intelligence with OFSI where it identifies potential breaches of financial sanctions? Does the FCA receive referrals from OFSI where authorised firms have been involved in sanctions breaches?

Response to Ukraine

5. Please provide an overview of the FCA's response to the recent expansion of financial sanctions against Russia.
6. What involvement or support has the FCA provided to the Government in designing the Russia sanctions?
 - (a) What steps has the FCA taken, for example engaging with firms in advance, to understand the potential impact of these sanctions on UK financial services?

7. Following the implementation of sanctions, how has the FCA engaged with firms to improve their awareness of their obligations and ensure they have adequate systems and controls in place?
8. Following the implementation of financial sanctions, what steps has the FCA taken to identify and monitor potential conduct and prudential risks arising in regulated firms and markets?
9. What steps has the FCA taken to monitor and mitigate the wider impacts of Russia's invasion (outside sanctions) on regulated firms and markets (for example, volatility in commodity prices)?
10. What is the risk that cryptoassets can be used to evade financial sanctions in the UK?
11. How many authorised firms, firms under the temporary permissions regime, electronic money institutions, payment services firms, cryptoasset businesses and Annex 1 financial institutions are subject to any sanctions (including their appointed representatives and agents)?

In line with the Committee's usual practice, I expect that this letter and your response will be placed in the public domain. I would be grateful for a reply by Monday 4 July 2022.

With best wishes



Rt Hon. Mel Stride MP
Chair of the Treasury Committee