United Nations sanctions: the legal mechanism

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The United Nations Act 2001 empowers the Minister to make regulations to give effect to decisions of the United Nations Security Council under Article 41 of the Charter.[1] Regulations have been made for each UN sanctions regime, including those on terrorism (the United Nations (Anti-Terrorism Measures) Regulations 2001, implementing Resolution 1373 and the ISIL and Al-Qaida list), the Democratic People's Republic of Korea, Iran, Libya, Somalia, South Sudan, Yemen and the others.[2] The regulations prohibit any person in Singapore, and any citizen outside Singapore, from dealing with the funds or economic resources of designated persons. They also prohibit making funds available to them and providing financial services to them. Breach is an offence punishable by fine and imprisonment.

For financial institutions a second layer applies. Under s. 27A of the Monetary Authority of Singapore Act 1970 MAS issues its own regulations directing the institutions it supervises to freeze the assets of designated persons and to refrain from transactions with them. These mirror the UN regulations but are enforced by MAS as a supervisory matter.[3] The duplication means that a DPT licensee that executes a transaction for a UN-designated person has committed both a criminal offence under the UN Act regulations and a supervisory breach under the MAS

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regulations. The TSOFA adds a third layer for terrorism: it criminalises dealing with the property of designated terrorists and terrorist entities, who are listed in its First Schedule and by Ministerial order, and imposes the reporting duty discussed in Chapter IV.[4]

Designation and freezing in practice

A UN designation takes effect in Singapore when the Security Council committee publishes it, since the Singapore regulations incorporate the UN lists by reference. There is no gap during which the designated person can move assets. A DPT licensee must therefore screen against the UN consolidated list in a form that updates in near-real time, which commercial screening vendors provide. On a confirmed match the licensee must freeze the assets, must not execute the transaction, and must report to the Commissioner of Police and to MAS without delay.[5] Freezing a DPT balance is technically simple where the licensee holds the keys: the customer's ability to withdraw is disabled and the balance is ring-fenced in the firm's books. Freezing an inbound transfer that has already settled on-chain to the firm's wallet means not crediting it to any customer account and holding it pending instructions. Freezing an outbound transfer that has already been broadcast is impossible, which is why screening must precede broadcast.

The Democratic People's Republic of Korea regime is the one that touches the DPT sector most directly. The UN Panel of Experts has documented for years that North Korean state actors, in particular the Lazarus Group, finance the regime through the theft of crypto assets from exchanges, bridges and individuals, with proceeds laundered through mixers, over-the-counter brokers and chain-hopping.[6] A Singapore DPT licensee that receives tokens traceable to a Lazarus theft is dealing with the economic resources of a UN-designated entity even though no name appears on any list. The regulations prohibit making resources available to designated persons indirectly as well as directly. Blockchain analytics are therefore a sanctions tool as much as an AML tool.

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Notes

1. United Nations Act 2001 (2020 Revised Edition), s. 2 (regulations to give effect to Security Council decisions), s. 5 (offences and penalties); the Act was enacted in October 2001 in response to Security Council Resolution 1373. ↩
2. United Nations (Anti-Terrorism Measures) Regulations 2001, regs 4–6 (prohibition on dealing with terrorist property and on provision of financial services) and reg. 10 (duty to report); United Nations (Sanctions – Democratic People's Republic of Korea) Regulations 2010, as amended; equivalent regulations for each other Security Council regime. ↩
3. Monetary Authority of Singapore Act 1970, s. 27A (power to make regulations to give effect to Security Council decisions in relation to financial institutions); Monetary Authority of Singapore (Sanctions and Freezing of Assets of Persons – Democratic People's Republic of Korea) Regulations 2016 and equivalent regulations for other regimes. ↩
4. Terrorism (Suppression of Financing) Act 2002, s. 6 (dealing with property of terrorists), First Schedule (designated terrorists) and orders made under s. 2 designating further persons. ↩
5. United Nations (Anti-Terrorism Measures) Regulations 2001, reg. 10; MAS Notice PSN02, para. 6 (screening) read with the MAS s. 27A regulations requiring financial institutions to report frozen assets and attempted transactions to MAS. ↩
6. United Nations Security Council, Reports of the Panel of Experts established pursuant to Resolution 1874 (2009), annual reports 2019–2024, sections on cyber-enabled theft of virtual assets; the Panel's mandate ended in April 2024 after a Russian veto, and the Multilateral Sanctions Monitoring Team has reported since 2025. ↩

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