PRACTICAL GUIDE
Targeted Financial Sanctions
For the use of reporting entities

Notice

This guide is a reference document intended for reporting entities (financial institutions, DNFBPs, and virtual asset service providers). It summarizes the obligations arising from Decree No. 2025-171 and the CNSFC's internal rules. In case of doubt, please consult the reference texts directly or contact SAMIFIN.

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1. Understanding Targeted Financial Sanctions (TFS)

1.1 Definition and purpose

Targeted financial sanctions (TFS) are measures implemented without delay, in accordance with FATF Recommendations 6 and 7, in the area of TF/PF, aimed at freezing the assets of specifically designated persons or entities, and prohibiting the direct or indirect provision of funds or economic resources for their benefit.

Term	Definition (Decree n°2025-171, Art. 2)
Freeze	Prohibition on the transfer, conversion, disposal, or movement of funds/property held or controlled by designated persons
Designation	Identification of a person/entity subject to TFS under UNSC Resolutions
Without delay	Within a few hours following designation by the UN (R. 1267/1718/2231) or the CNSFC (R. 1373)
Basic expenses	Food, rent, medicines, taxes, insurance, utility charges, and legal fees
Extraordinary expenses	Any expense other than basic expenses, subject to special authorization
Reporting entities	Financial institutions, DNFBPs, and virtual asset service providers (VASPs)

1.2 Institutional actors

The implementation of TFS in Madagascar involves a chain of actors, of which reporting entities from the final operational link:

Institution	Main role	Link with reporting entities
CNSFC (National TFS Committee)	Designates (R.1373), adopts proposals (R.1267/1988), reviews delisting/unfreezing requests	Decision-making authority for national freezes
SAMIFIN (CNSFC Technical Secretariat)	Maintains UN lists, notifies reporting entities of freezes, receives reports, issues directives	Direct point of contact — notifies obligations and receives reports
ARAI (Illicit Asset Recovery Agency)	Executes and manages frozen assets, centralizes execution reports	Receives freeze reports within 7 days via SAMIFIN
Ministries (MAE + MEF)	Jointly sign orders for freezing, unfreezing, and access to funds	Legal basis for the freezing obligation
Reporting entities	Immediately execute the freeze, report frozen assets or absence of a match	First-line actors

2. Access to UN Lists – Applicable Resolutions

2.1 Overview of sanctions regimes

Resolution(s)	Scope	UN List – Direct access
1267 / 1989 / 2253	ISIL (Daesh) and Al-Qaida and associated individuals/entities	https://www.un.org/securitycouncil/sanctions/1267/aq_sanctions_list
1988	Taliban (Afghanistan)	https://www.un.org/securitycouncil/sanctions/1988/materials
1373	Terrorism and terrorist financing — National designations and requests from third States	National list published on the SAMIFIN website
1718	North Korea (DPRK) — WMD proliferation	https://www.un.org/securitycouncil/sanctions/1718
2231	Iranian nuclear programme	https://www.un.org/securitycouncil/content/2231/list

2.2 UN Consolidated List — Recommended Single Source

Official source – United Nations consolidated list
URL : https://www.un.org/securitycouncil/content/un-sc-consolidated-list The list brings together all actives designations under Resolutions 1267, 1988, 1718 and 2231; It is updated with every change and constitutes the primary reference for screening. Downloadable format : XML, PDF – can be integrated into automated screening systems.

2.3 National list – Resolution 1373

National list (R.1373)
Source : SAMIFIN official website
This list records the individuals and enities designated by the CNSFC under Resolution 1373 (national/transnational terrorism). It is also published in the Official Gazette of the Republic Of Madagascar.
Freezing, unfreezing, and access-to-funds orders are also available ther (Art.50 of Decree).

2.4 Update and screening obligations

In accordance with the directives SAMIFIN is authorized to issue, reporting entities must:

- **Update their databases at** a minimum frequency set by SAMIFIN;
- **Screen** their customers and transactions (including beneficial owners and legal entities) against the UN lists and the national list;
- **Integrate screening** into onboarding, ongoing monitoring, and one-off transaction processing procedures;
- **Maintain traceability** of every check performed (date, list version used, result).

3. Operational steps for asset freezing

3.1 General framework of the TFS mechanism

Fundamental principle
The freezing obligation is immediate. It applies as soon as a match is identified, without waiting for any further order or judicial decision.
The freeze must take place without prior notice to the person or entity concerned.

3.2 Operatinal timeline (Resolutions 1267/1988/1718/2231)

Upon official publication of the designation by the UN Security Council:

Timeframe	ACTIONS	ACTORS
D+0 UN Publication	Official designation published by the competent UN sanctions committee	UN Security Council
D+0 ≤ 10h	SAMIFIN issues an immediate freeze notification together with the UN note verbale and the updated consolidated list, electronically and simultaneously	SAMIFIN
Receipt + 14h MAX	The reporting entity immediately freezes all funds and property of the designated person/entity upon identifying a match	REPORTING ENTITIES
Simultaneously	SAMIFIN prepares the draft inter-ministerial order confirming the freeze and submits it to the Minister of Economy and Finance and the Minister of Foreign Affairs	SAMIFIN

Receipt + 7 days	The entity submits its execution report to SAMIFIN (frozen assets or absence of a match)	REPORTING ENTITIES
Subsequently	The signed inter-ministerial order is forwarded to ARAI, which manages the frozen assets	Ministers + ARAI

3.3 Specific (Resolution 1373 – National List)

The mechanism is identical, with the following differences:

- **Trigger:** Publication of the list by the CNSFC (non-publication by the UN);
- **Confirmation:** inter-ministerial order;
- **Prior designation period:** the CNSFC has 15 days to rule on a designation proposal.

3.4 Scope of the freeze – Assests covered

The freeze applies to ALL assests, regardless of any link to terrorist or proliferation activity :

Asset category	Examples / Details
Funds and property held directly	Bank accounts, deposits, securities, real estate, vehicles
Funds and property controlled indirectly	Via shell companies, nominees, opaque structures
Jointly held funds	Joint accounts, co-ownership
Funds generated by frozen assets	Interest, rent, dividends (remain frozen)
Funds of third parties acting on behalf of the designated person	Agents, intermediaries, representatives

Point of attention
Interest and income on frozen accounts (R. 1718/2231) remain frozen and are added to the frozen funds. They may under no circumstances be paid to the designated person or entity.

3.5 Management of frozen assests

Once assets are frozen, the reporting entity does not manage them. Management is entrusted to ARAI in accordance with Ordinance No. 2019-015 (Art. 31 of the Decree). The entity:

- keeps the blocked assets pending instructions from ARAI;
- releases no funds without an unfreezing order or formal authorization;
- reports to SAMIFIN any attempted transaction on frozen assets;
- is exempt from any civil, criminal, or administrative liability in the event of good-faith execution.

4. TF and PF warning signs

4.1 Generic warning signs related to Terrorism Financing (FT)

Context	TF warning signs
Identity and KYC	Refusal to provide identity documents; multiple or contradictory identities; match with a person on a designation list
Transactions	Repeated small-value payments (structuring) to high terrorist-risk geographic areas; receipt of funds without any apparent economic counterpart
Customer behaviour	Unusual reluctance to provide information on the use of funds; preferential use of cash; presence of unexplained third parties during transactions
Entity structure	Non-profit organization (NPO) with significant flows to conflict or unstable areas; unidentifiable beneficial owners
Transaction profile	Sudden activity on a dormant account; international transfers to sanctioned countries or high-risk countries identified by the FATF

4.2 Specific warning signs related to proliferation financing (PF)

Category	PF warning signs
Sensitive sectors	Transactions involving dual-use goods (UN control list); imports/exports of nuclear, ballistic, or chemical materials
Counterparties	Entities or persons on the 1718 or 2231 lists (even through intermediaries); foreign companies with opaque structures in third countries
Financial flows	Payments fragmented through third countries with no economic link to the transaction; use of shell companies in non-cooperative jurisdictions
Behaviour	Insufficient or contradictory justification for the purpose of the underlying contract; sanctions-exemption requests presented as “humanitarian” without adequate documentation
Freight operations	Unexplained transshipments; partial deliveries; discrepancies between customs documentation and actual content

4.3 Common TF/PF warning signs

- **Match against the UN consolidated list:** a single positive screening result constitutes an immediate warning sign — freezing obligation.
- **Use of virtual assets:** untraced transactions or those involving wallets with enhanced anonymity.
- **Political exposure or sensitive diplomatic links:** nationals or entities of countries under UN sanctions (DPRK, Iran).
- **Use of pass-through accounts:** deposits quickly transferred to unidentified beneficiaries.

5. Reporting obligations

5.1 Summary table of reporting obligations

Obligation	Deadline	Recipient
Freezing of assets after SAMIFIN notification	14 hours max after receipt of notification	Immediate internal execution
Freeze execution report (frozen assets or absence of a match)	7 days max after SAMIFIN notification	SAMIFIN (then ARAI)
Identification of frozen assets (nature, amount/value, location)	Included in the execution report	SAMIFIN
Declaration of attempted transaction on frozen assets	Upon detection	SAMIFIN
Suspicious transaction report (STR) AML/CFT/PF	As soon as suspicion is established (ref. Law 2018-043)	SAMIFIN (via STR procedure)
Declaration of additional transactions on previously frozen assets	Upon detection	SAMIFIN

5.2 Content of the freeze execution report

In the event of a positive match, the report must state (Art. 27):

1. The nature of the frozen funds or property (accounts, real estate, vehicles, digital assets, etc.);
2. The amount or estimated value;
3. The location of the assets;
4. The measures taken in accordance with applicable prohibitions;
5. Any useful information on the links between the person/entity and other identified accounts or assets.

Where there is no match, the report must state this explicitly.

IMPORTANT : Confidentiality of the freeze
The freeze is executed without prior notice to the targeted person or entity. The entity must not alert the client to the freezing measure.

5.3 Reporting channels

Type de declaration	Recommanded channel
Freeze execution report	Direct electronic channel to SAMIFIN
Declaration of attempted transaction	Immediate SAMIFIN contact + written confirmation
Suspicious transaction report (STR)	SAMIFIN STR procedure (ref. Law 2018-043 and SAMIFIN directives)
Request for operational guidance	SAMIFIN can provide further guidance upon request

6. Sanctions for non-compliance

Legal warning
Any failure to comply with the freezing obligation or with freezing measures exposes the reporting entity and its directors to cumulative sanctions under Art. 29 of the Decree

Type of sanction	Legal basis
Administrative sanctions	Art. 29 of Decree No. 2025-171 — imposed by the competent supervisory authority
Criminal sanctions	Art. 22, 24, 25, 26 of Ordinance No. 2019-015 of 5 July 2019 on the recovery of illicit assets
Terrorism-related offences	Art. 18 of Law No. 2014-005 of 17 July 2014 against terrorism and transnational organized crime
Judicial referral	SAMIFIN refers matters to the judicial authorities in the event of an established breach (Art. 9 of the Decree)

Protection of entities acting in god faith

Exemption clause (Art.30)
Reporting entities and any natural or legal person who has executed freezing measures in good faith are exempt from any civil, criminal, or administrative liability. This protection applies even if the freeze subsequently proves unjustified, provided the entity acted in genuine good faith.

7. Contacts and useful resources

7.1 Institutional contacts

Institution	Mission / Contact
SAMIFIN (CNSFC Technical Secretariat)	Notification of lists, receipt of reports, issuance of operational directives www.samifin.mg
ARAI (Illicit Asset Recovery Agency)	Management of frozen assets, execution of freezing decisions
CNSFC	National designation (R.1373), delisting, unfreezing, access to funds (contact via SAMIFIN as technical secretariat)
Sectoral Supervisory Authority	Banky Foiben'i Madagasikara (BFM) for financial institutions; other authorities depending on sector
Resource	Link / Source
UN Consolidated List (all resolutions)	https://www.un.org/securitycouncil/content/un-sc-consolidated-list
Al-Qaida / ISIL list (R.1267/1989/2253)	https://www.un.org/securitycouncil/sanctions/1267/aq_sanctions_list

Taliban list (R.1988)	https://www.un.org/securitycouncil/sanctions/1988/materials
DPRK / North Korea list (R.1718)	https://www.un.org/securitycouncil/sanctions/1718
Iran list (R.2231)	https://www.un.org/securitycouncil/content/2231/list
National list + freezing orders (R.1373)	Site officiel SAMIFIN (www.samifin.mg)
Decree No. 2025-171 (full text)	Journal Officiel de la République de Madagascar / SAMIFIN
FATF Recommendations (R.6, R.7, RI.10, RI.11)	https://www.fatf-gafi.org

Summary of Essential Obligations of Reporting Entities

- Regularly **screen** customers and transactions against the UN consolidated list and the national list;
- **Immediately freeze** assets upon identifying a match, within 14 hours of SAMIFIN notification;
- **Do not alert the targeted** person or entity;
- **Submit the execution** report to SAMIFIN within 7 days;
- **Immediately report** any attempted transaction on frozen assets;
- **Maintain traceability** of all screening operations;
- **Release no frozen assets** without an unfreezing order or formal authorization.