



## New Macau Legislation Enforcing UN Sanctions to be Introduced

The Macau Legislative Assembly has approved the draft of the Regime for Enforcement of Freezing of Assets, in order to grant enforceability in Macau to the United Nations (“UN”) Security Council Resolutions imposing sanctions for combatting terrorism and prevention of proliferation of weapons of mass destruction (“Sanctions Law”).

The draft of the Sanctions Law will now be approved by a specialist committee in the Macau Legislative Assembly and expeditious passing and implementation of the Sanctions Law is expected, whereas the enforcement of UN Sanctions in Macau was a major legal void detected by the Asia/ Pacific Group on Money Laundering in their systemic assessment last made in 2007, and a new assessment is scheduled to take place again this year. The Macau Government is moving quickly to address this issue, and the unanimous vote means that the final draft is unlikely to be amended in any significant way.

The Sanctions Law is envisaged to apply to all entities with anti-money laundering obligations under local law, which include financial institutions, insurance companies, gaming operators, auditors, accounting companies, real estate agents and high-end retailers (the “Regulated Entities”) and its main proposed features include:

- 1. Freezing of Assets:** Upon publication of a freezing order – to be issued in accordance with the provisions of the Sanctions Law and published in the Official Gazette – Regulated Entities will immediately be required to freeze any assets held by the persons/ entities indicated in the freezing order;
- 2. Provision of services:** Regulated Entities will not be allowed to provide any services whatsoever to the persons/entities receiving sanctions once they are enforced under the Sanctions Law.
- 3. Administration of Assets:** Where frozen assets require administration and are deposited with financial institutions, these institutions may be directly appointed as administrators of the frozen assets, under certain requirements, terms and conditions.
- 4. Co-ownership and joint bank accounts:** Freezing orders cover the entirety of assets, regardless of the relevant persons / entities being co-owners or co-account holders, which is likely to cause serious customer management issues which must be well supported from a legal perspective.
- 5. Reporting duties:** Under the Sanctions Law, Regulated Entities are required to abide to very strict reporting duties to be discharged in tight timeframes.
- 7. Fines:** administrative infringements may carry fines between MOP\$100,000.00 and MOP\$5,000,000.00.
- 8. Ad Hoc Freezing Orders:** the Macau Chief Executive is allowed to issue ad hoc freezing orders to relevant persons/entities.

The Sanctions Law and expectable subsequent regulations raise a number of legal and compliance issues which should be considered by Regulated Entities, and which are likely to require either preparation or updating of internal compliance. Our Banking and Finance Team has extensive experience in the legal issues raised by the Sanctions Law and in the review, preparation and implementation of compliance strategies vis-a-vis new legislation and is available to assist Regulated Entities in their compliance efforts under the Sanctions Law.

Should you have any queries, please do not hesitate to contact us at [mdme@mdme.com.mo](mailto:mdme@mdme.com.mo) or:



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