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Compliance Update

The OFAC/OFSI Comparative Overview: A Timely Reminder of Cross-Border Cooperation

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On June 23, the US Department of the Treasury's Office of Foreign Assets Control (OFAC) and the UK His Majesty's Treasury's Office of Financial Sanctions Implementation (OFSI) jointly released a guidance document aimed at assisting the private sector in complying with the two nations' sanctions regimes (the Comparative Overview).¹

The Comparative Overview is a 12-page, side-by-side comparison of the US and UK sanctions regimes, including types of sanctions administered, licensing processes, penalties and enforcement factors, and liability standards.

Though the document itself contains no surprises from a legal perspective, observers may draw a number of lessons from the very issuance of the new guidance.

Key Takeaways

- The Comparative Overview should be read in the context of the post-World War II security relationship between the US and the UK. The two nations' foreign policies have long been largely aligned, but over the past two years policy experts have spent much energy focused on the US' unilateral actions with respect to, for example, countries like Cuba, Iran and Venezuela as well as sanctions targets such as the International Criminal Court, accompanied by skepticism as to the future of various US agencies' cooperative efforts with their foreign counterparts. The decision by OFAC and OFSI to jointly release a comparative guidance document returns some attention to the broad similarities among the strategies, goals and mechanisms of the US and UK economic sanctions regimes — particularly post-Brexit, as the UK has built a sanctions regime independent of the EU.
- Moreover, the publication of the Comparative Overview indicates that cooperative efforts between OFAC and OFSI — which began several years ago and were reinforced by the response to the 2022 Russian invasion of Ukraine — continue to the present day and reflect an ongoing working relationship that includes regular in-person coordination and staff exchanges.² The extent to which productive cooperation remains in place across all areas, such as joint investigations and information sharing, is less clear.
- Some of the similarities between the two regimes — including the fact that the US and UK each impose record-keeping and reporting requirements — serve to emphasize the importance of companies (especially those with business presences in both jurisdictions) maintaining appropriately resourced and tailored compliance programs. In many cases, elements of a compliance program designed to fit one regulatory regime may efficiently be expanded or adjusted to adequately comply with the other. At the same time, the guidance

reflects one of the key differences between the two regimes — the UK’s employment of a control test in addition to a 50% ownership or voting rights test to determine the sanctioned status of non-listed entities with a sanctioned owner or controller, as compared to the US’ primary reliance on ownership — that continues to require careful consideration by companies navigating both frameworks.

- While OFAC has existed since 1950, OFSI was only founded as an office of HM Treasury in 2016 (with the Department for Business and Trade’s Office of Trade Sanctions Implementation, or OTSI, joining it as an enforcement body at the end of 2024, complementing the sanctions and export controls functions of His Majesty’s Revenue and Customs). Given that OFSI’s largest known penalty issued to date was approximately £1 million (\$1.3 million), while OFAC’s has reached nearly \$1 billion, companies operating internationally may consider UK sanctions a lesser risk. However, OFSI enforcement has been ramping up in recent years, with OTSI poised as well to flex its enforcement authority. The issuance of this joint guidance with OFAC may therefore be seen as a sign of OFSI’s increasing maturity as a regulatory enforcement body and as a signal that companies operating internationally should give due consideration to the reach of the UK’s growing sanctions enforcement capabilities.

We will continue to monitor and provide updates on the evolving cooperation between US and UK sanctions authorities.

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¹ Department of the Treasury Office of Foreign Assets Control, “U.S. and UK Economic Sanctions Authorities: A Comparative Overview,” (June 23, 2026), is available [here](#). The same document, as issued by the UK’s office of HM Treasury, is available [here](#).

² See, e.g., His Majesty’s Treasury Office of Financial Sanctions Implementation, “OFAC-OFSI Enhanced Partnership,” (Oct. 17, 2022), available [here](#); see also His Majesty’s Treasury Office of Financial Sanctions Implementation, “Achieving our objectives; Supporting our stakeholders: OFAC-OFSI Enhanced Partnership Exchange 2026,” (Oct. 17, 2022), available [here](#); see also Department of the Treasury Office of Foreign Assets Control, “Memorandum of Understanding Between the Office of Foreign Assets Control of the United States Department of the Treasury and the Office of Financial Sanctions Implementation of the United Kingdom of Great Britain and Northern Ireland,” (Oct. 9, 2024), available [here](#).