

# **INTERNATIONAL TRADE AND ECONOMIC RESTRICTIONS (SANCTION) POLICY**



As an international financial institution and a participant in the cross-border capital market, the International Islamic Liquidity Management Corporation (“IILM”) is committed to organising itself and its activities, firstly, to be consistent at all times with the international trade and economic sanctions regimes applicable to it and its operations\* and, secondly, in a manner that would not result in a violation or adverse economic measures for any of IILM’s counterparties or holders of its instruments under applicable sanctions regimes.

This policy sets forth the steps IILM has taken and will take in furtherance of this commitment. In this policy, "restricted entity"\* refers to any government, entity or person that is the subject of economic or commercial restrictions under applicable sanctions regimes.

#### *Status of IILM and economic interest in IILM*

IILM is an initiative of central banks, monetary authorities and multilateral institutions seeking to address a significant need for short-term liability management instruments in reserve currencies for *Shari’a*-compliant financial institutions across the world. Its founding members entered into IILM’s Articles of Agreement in October 2010. IILM’s shareholders are a subset of its founding members.

None of IILM, its shareholders or its subsidiaries are restricted entities under applicable sanctions regimes. Accordingly, no restricted entity holds any economic interest in IILM.

Recognising the significance of this to IILM’s potential counterparties and holders of its instruments, IILM and its subsidiaries will not issue shares to, or accept share subscription payments from, any restricted entity.

In addition, IILM and its subsidiaries have not entered into any financial transactions with, acquired assets from or invested in any restricted entity.

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\* The scope of relevant sanctions regimes and restricted entities will be defined in the relevant documentation



### *Policy on transactions and financings*

In the course of its activities, IILM will enter into financial transactions with various persons and will apply the proceeds of the issuance of its instruments to acquire assets from or invest in governments and others.

In accordance with the commitment described above, IILM and its subsidiaries will not apply the proceeds of the issuance of their instruments in a manner that would:

- cause IILM or its subsidiaries to violate applicable sanctions regimes,
- be the cause of holders of IILM's instruments or others participating in IILM's issuance programme to violate applicable sanctions regimes or
- result directly in the imposition of adverse economic measures on such persons under and as a result of sanctions regimes.

This means, for instance, that IILM and its subsidiaries will not acquire assets, make investments, issue instruments, appoint dealers or accept financial support if doing so would cause any of them to violate any applicable sanctions regime.

These limitations will be reflected in the legal documentation for IILM's issuance programme, which will include detailed investment criteria.

### *Other matters*

In order to give its counterparties and stakeholders transparent comfort on the matters above, IILM will give representations and covenants to the effect of the foregoing when appropriate in legal documentation.

IILM will establish and maintain an internal control programme to monitor compliance with applicable sanctions regimes.

IILM will periodically consider this policy and its scope and modify it if circumstances warrant. Any modifications to this policy will be subject to the Governing Board's approval, in writing and made available to stakeholders.