



Welcome to The IFSA's Presentation Series

Sponsored by

The IFSA Supplier Partners Committee

Today's Webinar

Selecting Sanctions Lists:

From OFAC to the Central Bank of Seychelles

Presented by

Accuity



**** Will begin Shortly ****



Remember to turn your PC sound ON to hear this webinar



IFSA EDUCATIONAL SERIES TODAY'S TOPIC

Selecting Sanctions Lists: From OFAC to the Central Bank of Seychelles

Presented by: Randy Pickett

Director, Product Management – Compliance

Accuity

Randall.Pickett@AccuitySolutions.com





Objectives:

At the end of today's session you will be able to answer the following questions:

- What is watch list screening?
- Who should perform screening?
- What information should be screened?
- Which lists should be screened against?
- How can I run an effective screening program and still manage costs?



Agenda:

- Defining Sanction Lists, PEPs and other high-risk entities
- Identifying watch list screening requirements
- Evaluating list selection criteria
- Managing costs
- A sampling of financial organizations



Watch List Screening

Watch List Screening is the comparison of information such as financial transactions, customer information, and employee and vendor records against lists of individuals and entities identified by government sanctions or determined to be of higher-risk to your organization.



Watch List Screening

A true match against a watch list may require:

- Blocking a transaction
- Seizing funds
- Terminating a business relationship
- Flagging a customer for special scrutiny
- Filing a report with the appropriate body or agency

Each sanction program describes specific actions that should be taken when an entity is identified



Sanctions, PEPs and High-Risk Entities

Penalties for Non-compliance

- Fines
- Imprisonment
- Damage to reputation – loss of shareholder value
- Cease and Desist orders

As demonstrated by Riggs Bank, non-compliance can have devastating consequences for an organization



Sanctions, PEPs and High-Risk Entities

Unique Sanction Lists

- US (Office of Foreign Asset Control),
- UK (Her Majesty's Treasury),
- Canada (Office of Superintendent of Financial Institutions),
- Australia, Austria, Belgium, China, France, India, Israel, The Netherlands, Russia, Saudi Arabia, Seychelles . . .

Chiefly concerned with Terrorism but can also include
illegal Arms and Narcotics Trafficking



Sanctions, PEPs and High-Risk Entities

UN and EU Derived Lists

- EU: European Union Member States
- UN: United Nations Security Council Sanctions Committees
- Argentina, Canada, Hong Kong, Japan, Singapore, Switzerland, Taiwan . . .

European Union member states may also add names or translate the list



Sanctions, PEPs and High-Risk Entities

Money Laundering and Fraud Lists

- Non-Governmental (FATF, World Bank, OECD)
- US (BIS Denied Persons, DTC Debarred Parties),
- Canada (Cumulative Warning List)
- Others: Ireland, Italy, Luxembourg, Mexico, Mauritius, Seychelles. . .

Can include Offshore Banks, known perpetrators of Fraud and countries with insufficient safeguards against Money Laundering



Sanctions, PEPs and High-Risk Entities

Law Enforcement Lists

- Interpol Wanted Fugitives
- FBI Most Wanted
- US Marshall's Most Wanted Fugitives
- India Central Bureau of Investigation
- South African Police Service Wanted Lists
- Others . . .

Can play a role in due diligence for on-boarding new customers



Sanctions, PEPs and High-Risk Entities

Higher Risk Entities

- Politically Exposed Persons
- Financially Exposed Persons
- Beneficial Owners . . .

May have done nothing wrong but warrant increased scrutiny
over traditional customers



Identifying Screening Requirements

All U.S. persons must comply with OFAC regulations, including all U.S. citizens and permanent resident aliens regardless of where they are located, all persons and entities within the United States, all U.S. incorporated entities and their foreign branches. In the cases of certain programs, such as those regarding Cuba and North Korea, all foreign subsidiaries owned or controlled by U.S. companies also must comply. Certain programs also require foreign persons in possession of U.S. origin goods to comply.

Referenced in the Frequently Asked Questions on OFAC's Web site



Identifying Screening Requirements

Transactions – Wire Transfers, Cross-border ACH, Cashier's Checks, Letters of Credit . . .

Individuals – Customers, Employees, Beneficial Owners . . .

Organizations – Corporate Clients, Vendors, Charities . . .

Use a risk-based approach to determine which types of information should be screened



Evaluating Selection Criteria

Legal – Reviewing laws and jurisdictions

Compliance – Learning from exams and audits

Risk – Avoiding fines, reputational damage and C & D orders

Best Practices – Learning from others in the industry

List selection is an ongoing process influenced by multiple sources of information



Managing Costs

- Building/buying lists
- Reviewing matches
- Structuring an effective process
- Limiting false positives

Planning for an effective business process can reduce operational costs significantly over the long term



What other organizations are doing

8 Investment Firms

OFAC	8 of 8
EU	5 of 8
UN	4 of 8
UK	4 of 8
Interpol	3 of 8
World Bank	2 of 8
BIS	2 of 8
FBI	2 of 8
Tax Havens	1 of 8

15 Multi-National Banks

OFAC	15 of 15
EU	10 of 15
UN	9 of 15
UK	8 of 15
Interpol	4 of 15
World Bank	5 of 15
BIS	5 of 15
FBI	2 of 15
Tax Havens	2 of 15

OFAC, European Union, United Nations and the Bank of England lists are used by the majority of large financial organizations



What other organizations are doing

8 Insurance Companies

OFAC	8 of 8
EU	4 of 8
UN	4 of 8
UK	4 of 8
Interpol	5 of 8
World Bank	4 of 8
BIS	4 of 8
FBI	6 of 8
Tax Havens	3 of 8

4 Credit Card Issuers

OFAC	4 of 4
EU	2 of 4
UN	3 of 4
UK	2 of 4
Interpol	2 of 4
World Bank	1 of 4
BIS	1 of 4
FBI	2 of 4
Tax Havens	1 of 4

Law Enforcement lists have a higher uptake among Insurance and Financial Services companies



Conclusion

- The sanction lists your organization screens against should be evaluated every 1-2 years or when your business model changes (business in new areas/countries, new programs, etc.)
- Research the applicable laws and determine your risk exposure as part of your overall risk profile
- An effective business process and tools to limit false positives will reduce costs



Questions??

About < Presenter >

About < Company Weblink >



IFSA Educational Series

Sponsored
by

IFSA Service Partners Committee

The goal of the Service Partners Committee is to broaden the industry point of view regarding issues confronting the financial community. The Services Partners Committee will add its knowledge and expertise to offer solutions in partnership with the financial community





The Next IFSA Presentation Series Webinar

Thursday, July 9th at 11:00 am EDT

“The Latest Trends in Global Trade Finance”



Presented By

Coastline Solutions





About the Presenter

As Director for Accuity's Compliance Suite product line, Randall Pickett leads product development for OFAC, AML and BSA solutions. Mr. Pickett joined Accuity in 1988 after brief stints at First Illinois Bank and Harris Bank. For the last 11 years, Mr. Pickett has assisted some of the world's largest financial institutions in designing OFAC and watch list screening compliance solutions. He became a Certified Anti-Money Laundering Specialist (CAMS) in 2006.

Contact Details

Randall Pickett
Randall.Pickett@AccuitySolutions.com
+1 847 933-8062

About Accuity – for more information, visit www.AccuitySolutions.com/IFSA

Accuity is the leading provider of payment routing data, AML screening software and services enabling banks and corporations to maximize payment efficiency and facilitate regulatory compliance and enhanced due diligence requirements for financial transactions.

As the Official Registrar of ABA Routing Numbers since 1911, Accuity maintains the most authoritative and comprehensive databases globally with a reputation built on the accuracy and quality of our data, products and services.

In 1994, Accuity introduced the world's first AML compliance filtering engine. Since then, our products have been continually updated to provide industry-leading solutions for global due diligence and regulatory compliance.

For more than 150 years our worldwide clients, located in over 150 countries, include C-level executives, managers, and technology professionals. The solutions and services we provide are packaged in multiple formats to serve their diverse needs.



About the IFSA

The International Financial Services Association (IFSA) is a not-for-profit trade association whose members are the world's largest international financial services organizations. At the current time the IFSA has over 165 Members and over 600 participating organizations headquartered around the world. The IFSA's focus is on international financial services, which includes trade services products such as documentary credits, funds transfer, treasury operations, compliance, regulatory reporting, etc. The IFSA membership represents over 98 percent of the letters of credit issued in the US as well as over 98 percent of the US funds transfer volume. In the 1920's, the IFSA created the first rules for the processing of letters of credit between banks. These rules were the model for the International Chamber of Commerce Uniform Customs and Practice for Documentary Credits.

The organization was founded in 1924 and has been in continuous existence since that time. The IFSA provides a forum for members to meet and discuss the various issues related to the financial services industry. The IFSA's primary functions are education, representing the membership to international bodies such as SWIFT and the ICC as well as the US regulatory bodies, and provide a community through which members can network. Much of the work of the organization is carried out by volunteers who participate on the organization's thirteen (13) technical committees. These committees represent the major disciplines of international financial services operations. Through these committees the organization establishes operating rules and procedures for financial services institutions and work with the global regulating bodies to provide input on laws and regulatory procedures/practices. For additional information log on to our website www.IFSAonline.org or contact the IFSA at Support@Intlbanking.org.