



# Compliance Breakfast - Sanctions



James Rickett FICA  
Global Lead – Anti Money Laundering

# James Rickett FICA

Course Director, Global Lead  
– Anti Money Laundering





# Sanctions Compliance

**How should a firm ensure compliance with sanctions requirements?**

# Key Controls

- Governance
- Senior Management Engagement
- Resourcing
- Screening
- MI
- Training & Comms - Internal and External (Customers and counterparties)
- Quality Assurance
- US Recusal Procedures
- Managing Breaches Policies
- Escalation Processes
- Identification of High Risk Sanctions relationships and a link to KYC
- Managing internal High Risk areas e.g. Stripping, Trade Finance, Internal Grey Lists

# Governance

- Policy & Procedures (reviewed regularly)
- Lines of Communication
- Appropriate Committees
- Sanctions Risk Assessments

# Senior Management

- Senior management provide effective oversight
- Employ a designated officer, who is supported by a team of subject matter experts
- Senior Management ensure effective communication of the importance of sanctions compliance throughout the organisation.
- This includes regular updates of changes to policy and regulatory developments
- Clear direction of how staff are expected to conduct business in line with the firm's risk appetite

# Resourcing

- Regulators expect to see sufficient resources in place to manage the risk of sanctions threats.
- Staff members must be equipped to carry out these responsibilities effectively.
- Resourcing will also need to consider how best to:
  - ensure robust business as normal sanctions compliance; and
  - ensure readiness to deal with major geopolitical events where sanctions may arise.



# Management Information

- Targeted Recipients what is good MI?
- Tools to demonstrate effective controls may include:
  - payment screening hit rate
  - customer, regime or transaction hit rate
  - policy waiver volume
  - licence requests
  - internal policy breaches
  - regulatory breaches
  - payments proceeded, withdrawn or rejected by high risk jurisdictions
  - training completion rates.

# Training and Communications

- A defined, targeted and structured approach will include:
- different levels of targeted training offered;
- defined criteria for deciding the level of training required by each member of staff, depending on roles and responsibilities;
- record retention of completed training, scored results and follow-up actions taken to remediate gaps

# QA

- Independent testing
- 3 Lines of Defence
- an objective, comprehensive evaluation of sanctions policies, procedures, and processes.
- The audit scope should be comprehensive enough to assess sanctions compliance risks and evaluate the adequacy of the compliance programme.

# Managing Breaches and Escalation

- Policies, & procedures, must address how a firm will identify and review transactions and accounts for possible sanctions exposure and breaches. This should include whether reviews will be conducted manually, through interdiction software, or a combination of both.
- In the event of a sanctions breach or an incident of attempted evasion, established processes for risk-based decisions and defined escalation points for internal and external reporting are key.

# Risk Management: Customer Due Diligence

- How does the CDD process support the management of sanctions risks?
- Can you identify customer types/industry sectors that would normally be considered inherently high risk?

# Sanctions Compliance – Best Practice

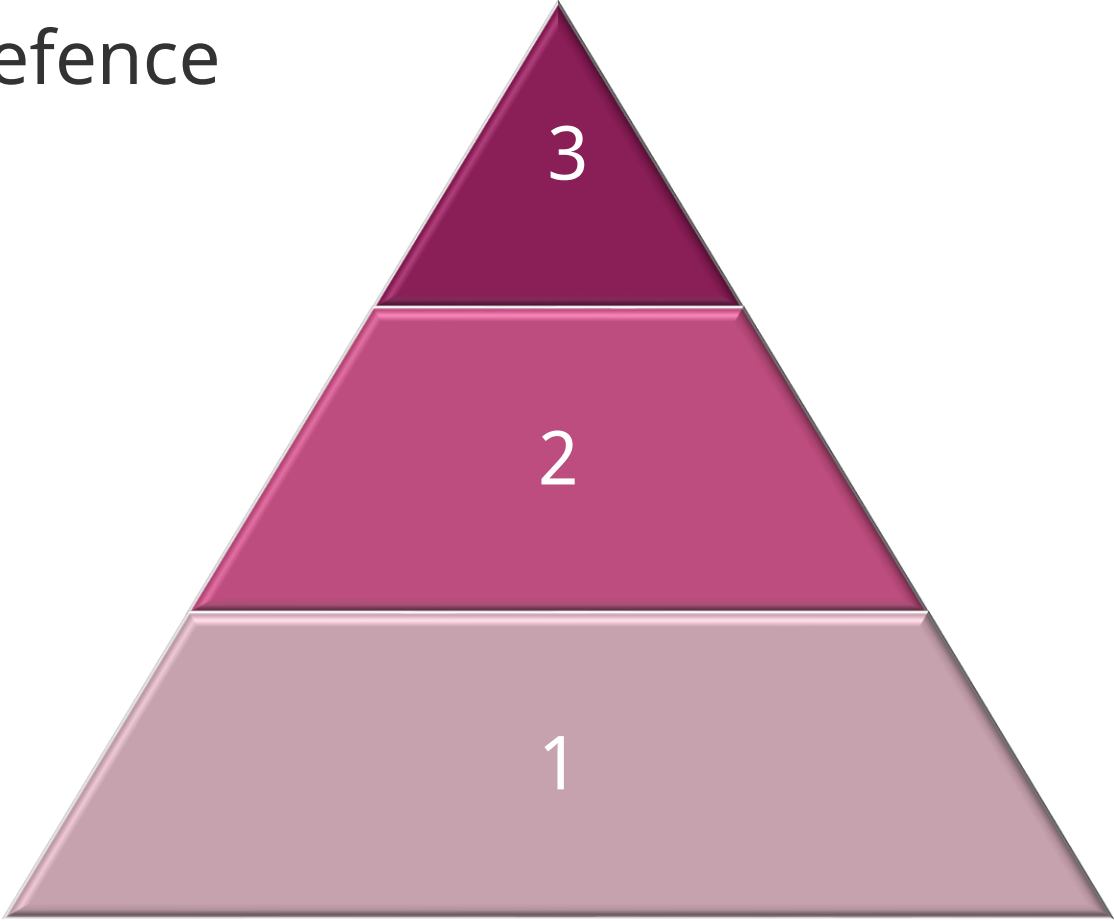
- OFAC Guidance
  - Management Commitment
  - Risk Assessment
  - Internal Controls
  - Testing & Auditing
  - Training
  - Root Causes
- Wolfsberg Guidance
- Artificial Intelligence



OFAC

# Organising Financial Crime Controls

Three Lines of Defence



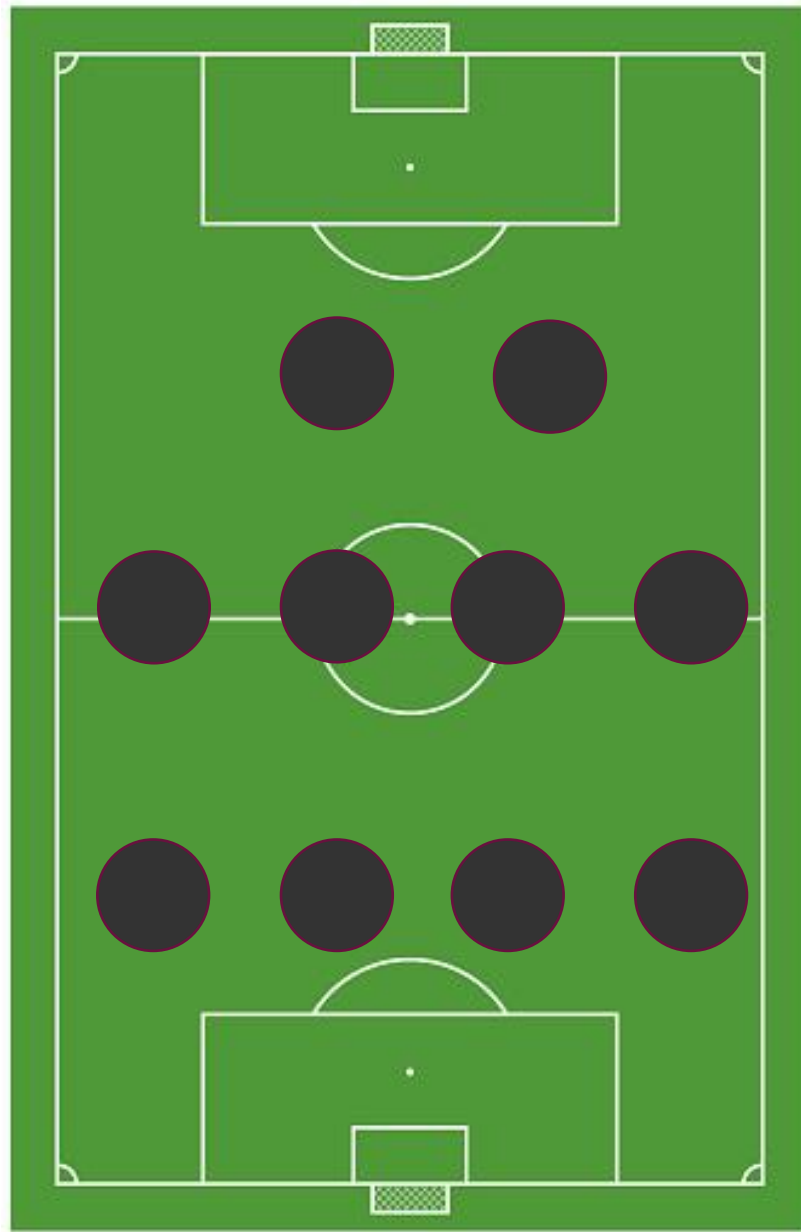
1st



2nd



3rd





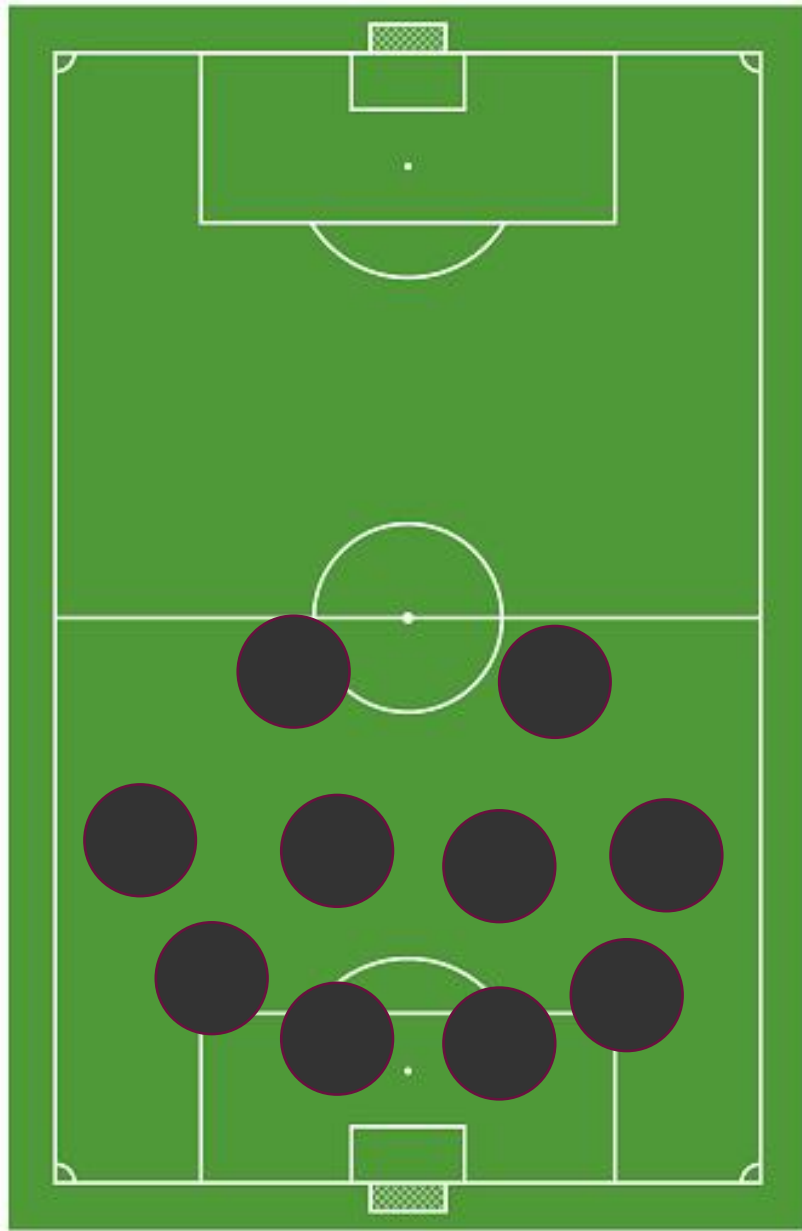
1st



2nd



3rd



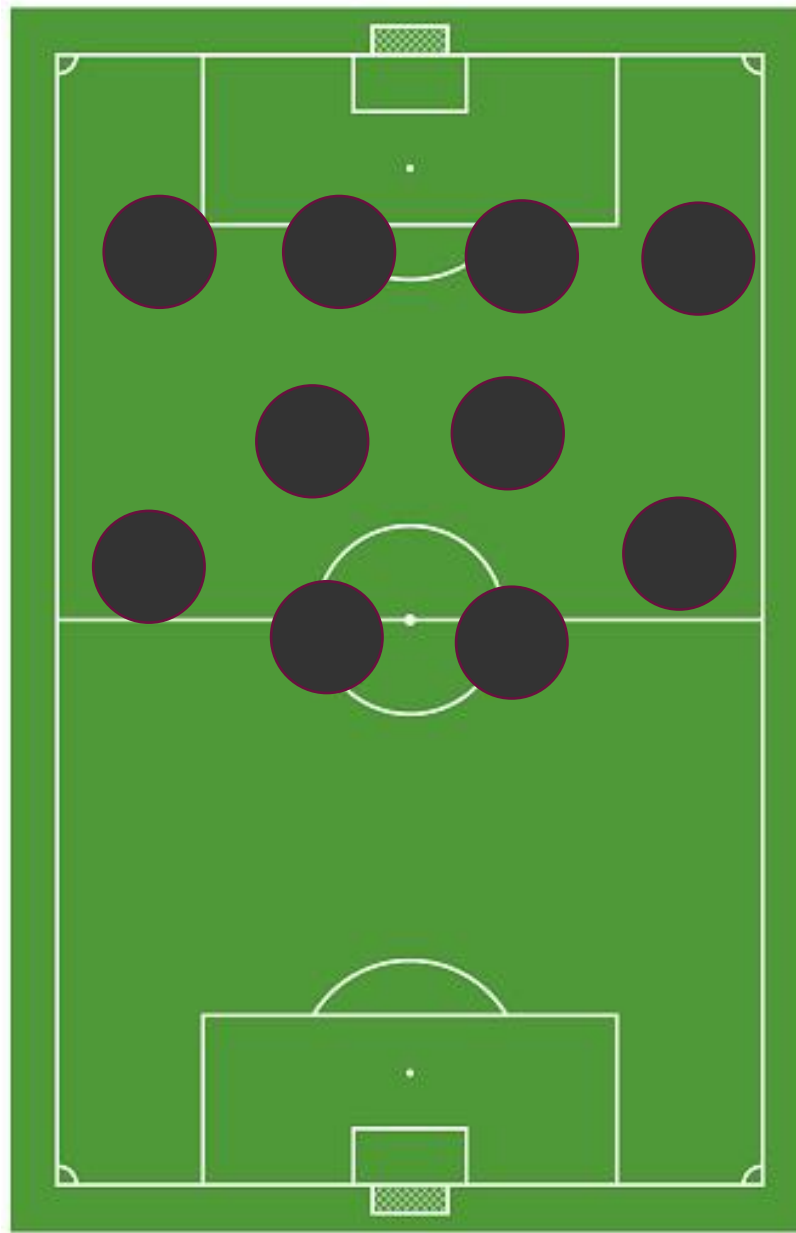
1st



2nd

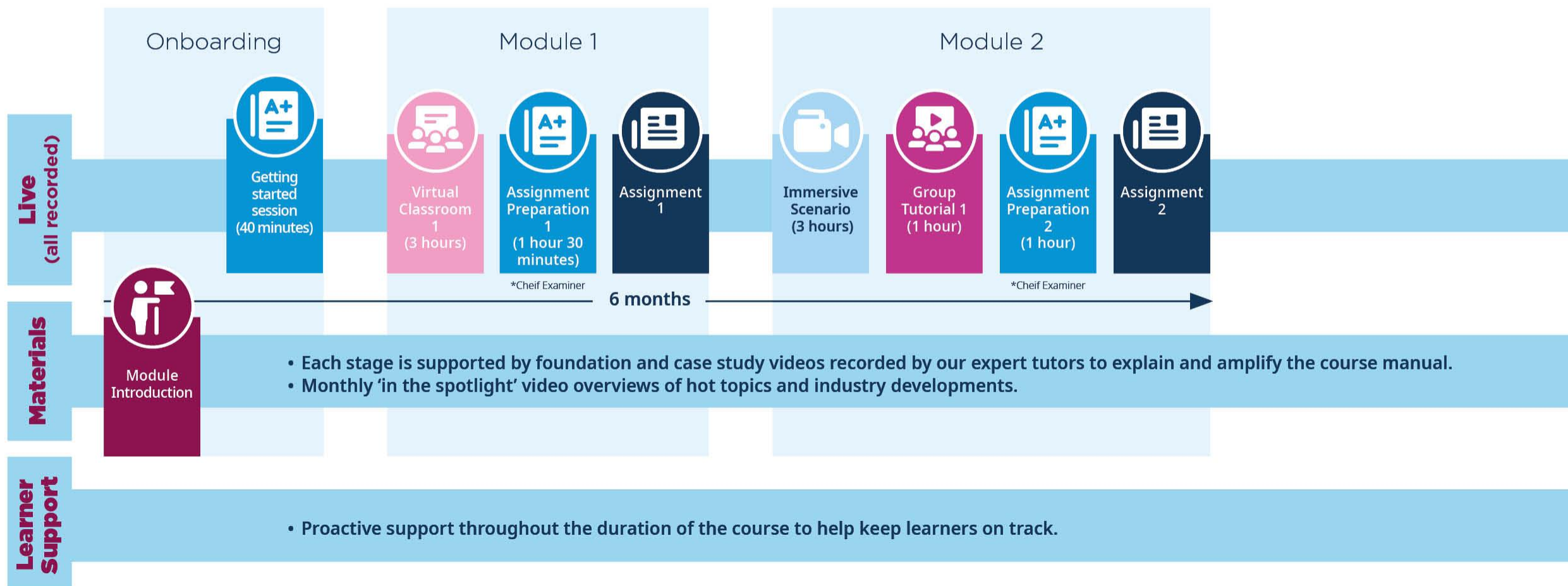


3rd



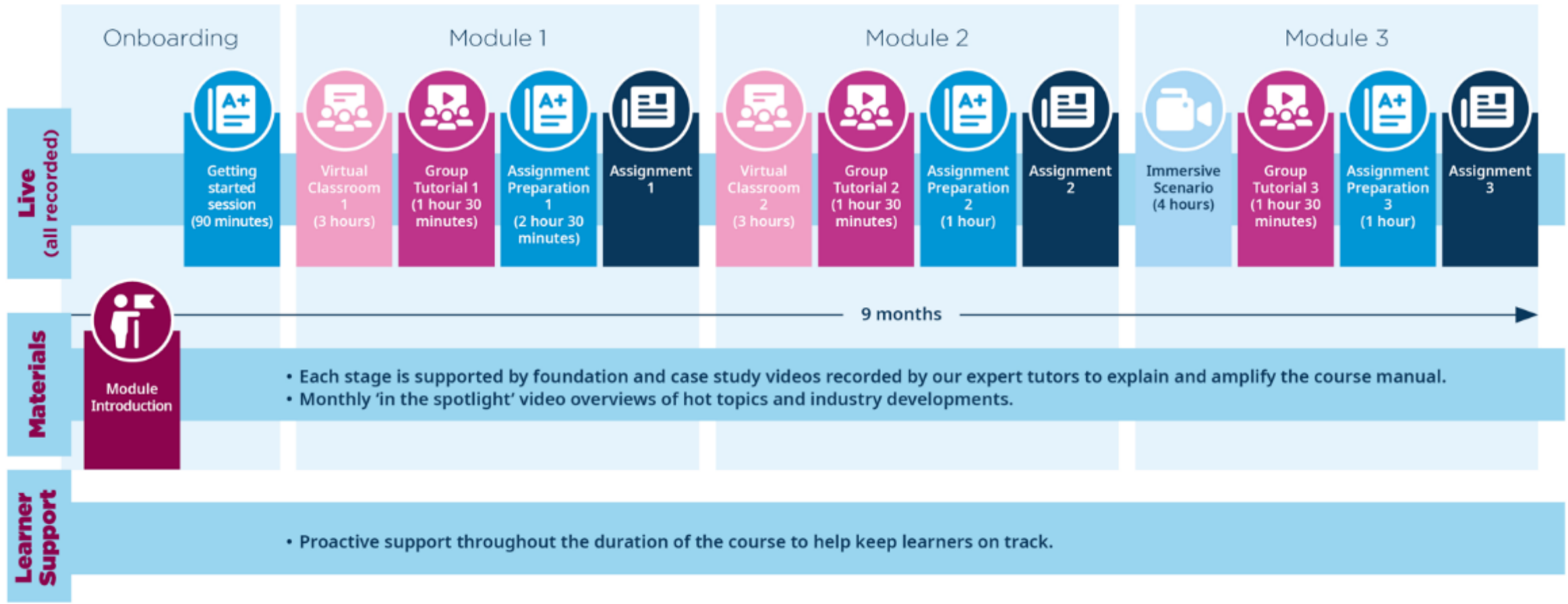
# ADVANCED CERTIFICATE

## Learner Journey



# The Study Programme

## DIPLOMA Learner Journey





# Thank you

[www.int-comp.org](http://www.int-comp.org)

The information that is provided is in confidence and may not be disclosed to any third party or used for any other purpose without the express written permission of the International Compliance Association. Whilst every effort has been made to ensure accuracy, International Compliance Association cannot be held responsible in any way for consequences arising from the information given. No formal decisions should be taken on the basis of information provided without reference to specialist advice.