

EMERGENCY GLOBAL DIGITAL FINANCE SUMMIT ON SANCTIONS 2 MARCH 2022

Che Sidanius

Global Head of Financial Crime & Industry Affairs

Sanctions: Neither War nor Peace

- Historically were a complementary tool to war efforts
- Today countries are using economic sanctions instead of military force as an instrument of foreign policy
- Can include travel bans, asset freezes, arms embargoes, trade restrictions



What are Sanctions:

- Used to coerce, deter, punish by financially isolating a target
- Non-military in nature
- Imposed by state(s) against another (unilateral)
- Imposed by an international organisation (e.g., UN)
- Used to advance a range of policy goals, e.g., counterterrorism, counternarcotics, non-proliferation, democracy and human rights promotion, conflict resolution

Usually fall into one of the following categories:

- **Targeted Sanctions:** aimed at specific individuals/entities/groups
- **Sectoral Sanctions:** aimed at key sectors of an economy
- **Comprehensive Sanctions:** aimed at an entire country/region



Sanctions – Latest (as of March 2nd 2022)

SWIFT disconnection for the following Russian banks:

- VTB Bank
 - Bank Otkritie
 - Novikombank
 - Promsvyazbank
 - Rossiya Bank
 - Sovcombbank
 - Vnesheconombank (VEB)
- **10-day phase of the disconnection**, intended to allow time for companies to receive pending payment
- **European Parliament calling for further sanctions** and find ways to cushion the blow on the EU's economy

About World-Check

Overview

Refinitiv® World-Check® is a **risk intelligence database** designed for use in due diligence and screening programs for anti-money laundering, sanctions, and anti-bribery and corruption compliance.

Using open-source intelligence (OSINT), it provides **highly structured** and **high-quality** intelligence on heightened risk individuals and entities from **public domain data** that is:

- Global
- Aggregated
- Deduplicated
- Structured
- Analytical
- Associated
- Enhanced
- Narrative
- Accurate

Global coverage

World-Check has content from every inhabited location on earth – **245 countries and dependent territories**



The World-Check content and use cases

What is in the data?

World-Check has highly analytical inclusion criteria **aligned to legislation**. Inclusion is thus “limited by design” and aims to cover all and only the content required for screening.

The six buckets of content:

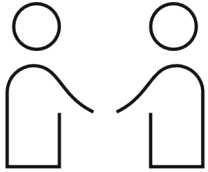
Sanctions	PEPs and RCAs
Law Enforcement	SOEs and SIEs
Regulatory Enforcement	Adverse Media

Use cases

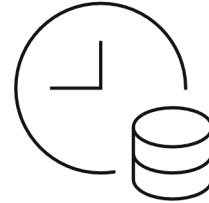
World-Check is used in **risk-based due diligence and screening programs** of clients, payments, suppliers, agents and intermediaries, vessels, UBOs, SMOs, other third parties, securities and more, in order to identify:

- Possible explicitly or implicitly **sanctioned** entities, individuals, securities or places
- **Politically exposed persons** and their relatives and close associates
- Entities or individuals that are listed or wanted by **law or regulatory enforcement agencies**
- People or entities about whom there is reliable, relevant and material **adverse media**

Operating model



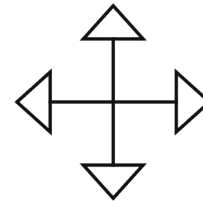
World-Check is a global standard, trusted by **8,000+** customers in **180+** countries



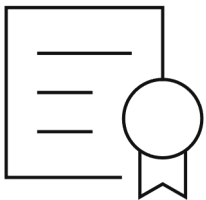
World-Check is designed and structured **to minimize operational cost** and **lower total cost of ownership**



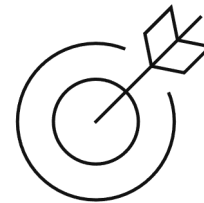
World-Check is **constantly updated** with 50K+ new records and 100K+ records reviewed each month



World-Check is **globally comprehensive**, with 4.5 million+ records



World-Check's sanctions content is updated 24/7/365 and is **ISAE 3000 certified** on an annual basis



World-Check **has strict quality-controlled inclusion criteria** to ensure accuracy and relevance

EXPLICIT Sanctions coverage

Sanctions is our highest priority and receives dedicated 24/7/365 attention.
World-Check covers:

- All known sanctions lists: 300+ lists
- 100% coverage: external assurance with ISAE 3000 audit of major sanctions lists on an annual basis
- Major sanctions lists monitored and covered on a 24/7/365 basis
- Special team dedicated to covering all sanctions lists as well as dedicated quality control
- Records are keyworded allowing flexible screening
- Records are deduplicated, reducing noise by ~50%
- Covers sanctioned securities such as the ISINs of financial instruments issued by sanctioned entities

ISAE  **3000**
C E R T I F I E D

300+ sanctions
lists covered

Sanctions comprise
approximately
0.76%
of the data

IMPLICIT sanctions coverage

Implicit sanctions apply when a sanctions order, listing or regulation extends sanctions to an entity or individual not sanctioned by name via a narrative statement. The classic example of this is the OFAC 50% rule, but it also applies to EU, UN and Russian sanctions.

World-Check:

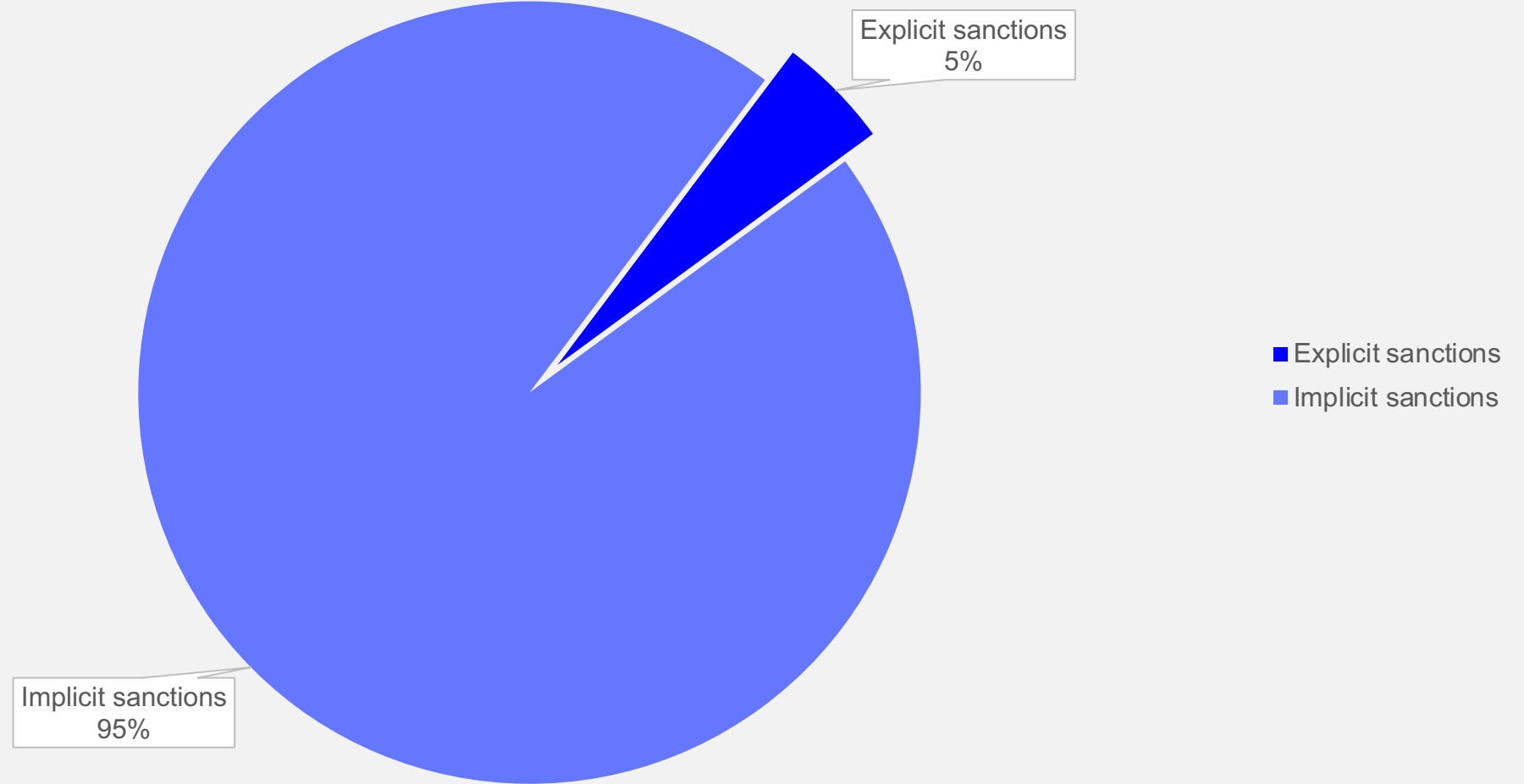
- Has dedicated teams that conduct extensive qualitative research to uncover such entities and individuals
- Covers every implicit sanctions regime
- Covers sanctioned securities such as the ISINs of financial instruments issued by sanctioned entities
- Records are keyworded

Example implicit sanctions keywords

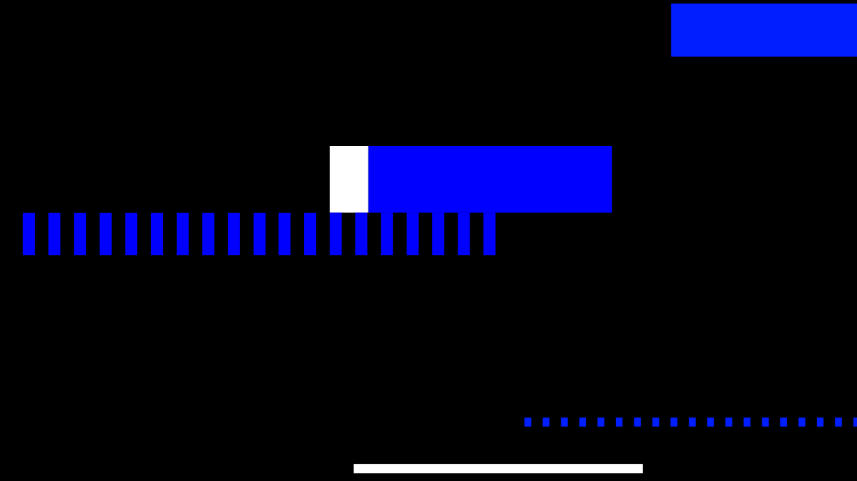
- INSAE-WC: International Sanctions Relevant Entity World-Check Data
- VEPTRE-WC: Venezuela Prohibited Transactions Relevant Entity World-Check Data
- CAATSA228-WC: Relatives of UKR/RUS Specially Designated Nationals
- RUUSEM-50-WC: Russian Ukraine Special Economic Measures – Entity owned 50% or more by a sanctioned individual/entity

Ratio of numbers of Explicit and Implicit sanctions records

Sectoral sanctions against Russian Federation



IMPLICIT SANCTIONS VS. EXPLICIT SANCTIONS



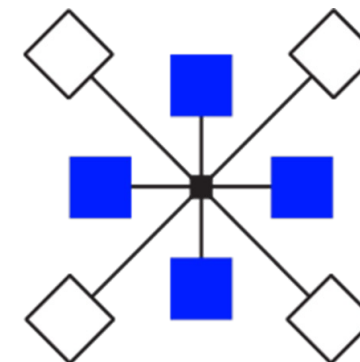
Narrative Sanctions – ‘Explicit’ vs ‘Implicit’

An attempt at a definition: explicit vs. implicit sanctions

Where a national or international “sanctions”* listing states that –

- Export or Trade Embargoes
- Financial Restrictions or Economic sanctions
- Asset freezes
- Investment bans

not only applies to the individual / entity listed (explicit sanctions) also applies to an entity not sanctioned by name or appearing on a blocked or restricted entity list but covered by a narrative statement on a sanctions program extending sanctions to such non-listed entity (implicit sanctions)



* e.g.



Narrative Sanctions

OFAC 50% Rule – 2008/2014



“Persons whose property and interests in property are blocked pursuant to an EO or regulations administered by OFAC (blocked persons) are considered to have an interest in all property and interests in property of an entity in which such blocked persons

- own, whether individually or in the aggregate, directly or indirectly, a 50 percent or greater interest
- any entity owned in the *aggregate*, directly or indirectly, 50 percent or more by one or more blocked persons is itself considered to be a blocked person
- The property and interests in property of such an entity are blocked regardless of whether the entity itself is listed in the annex to an Executive order or otherwise placed on OFAC's list of Specially Designated Nationals ("SDNs"). Accordingly, a U.S. person generally may not engage in any transactions with such an entity, unless authorized by OFAC.”

Narrative Sanctions

EU 50% Rule



- "Owning a legal person, group or entity" means being in possession of 50% or more of the proprietary rights of a legal person, group or entity, or having a majority interest therein.
- Controlling a legal person, group or entity" means any of the following:
 - (a) having the right to appoint or remove a majority of the members of the administrative, management or supervisory body...;
 - (b) appointed solely as a result of the exercise of one's voting rights a majority of the members of the administrative, management or supervisory bodies...;
 - (c) controlling alone, pursuant to an agreement with other shareholders in or members of a legal person, group or entity, a majority of shareholders' or members' voting rights...;
 - (d) having the right to exercise a dominant influence over a legal person, group or entity, pursuant to an agreement...;

If any of these criteria are satisfied, it is considered that the legal person or entity is controlled by another person or entity, unless the contrary can be established on a case by case basis

Narrative Sanctions

United Nations Resolution 1718 (2006) North Korea (DPRK)



All Member States shall, in accordance with their respective legal processes, **freeze immediately the funds, other financial assets and economic resources** which are on their territories at the date of the adoption of this resolution or at any time thereafter, **that are owned or controlled, directly or indirectly, by the persons or entities designated** by the Committee or by the Security Council as being engaged in or providing support for, including through other illicit means, DPRK's nuclear-related, other weapons of mass destruction-related and ballistic missile related programmes, or by persons or entities acting on their behalf or at their direction, and ensure that any funds, financial assets or economic resources are prevented from being made available by their nationals or by any persons or entities within their territories, to or for the benefit of such persons or entities;

S/RES/2094 (2013) / S/RES/2270 (2016) / S/RES/2321 (2016) / S/RES/2371 (2017) / S/RES/2375 (2017) / S/RES/2397 (2017)

10. Decides that the measures specified in paragraph 8 (d) of resolution 1718 (2006) shall apply also to the individuals and entities listed in Annex I and II of this resolution and to any individuals or entities acting on their behalf or at their direction, and **to entities owned or controlled by them**, including through illicit means;



APPENDIX - ABOUT THE DATA

GLOBAL COVERAGE, LOCAL KNOWLEDGE

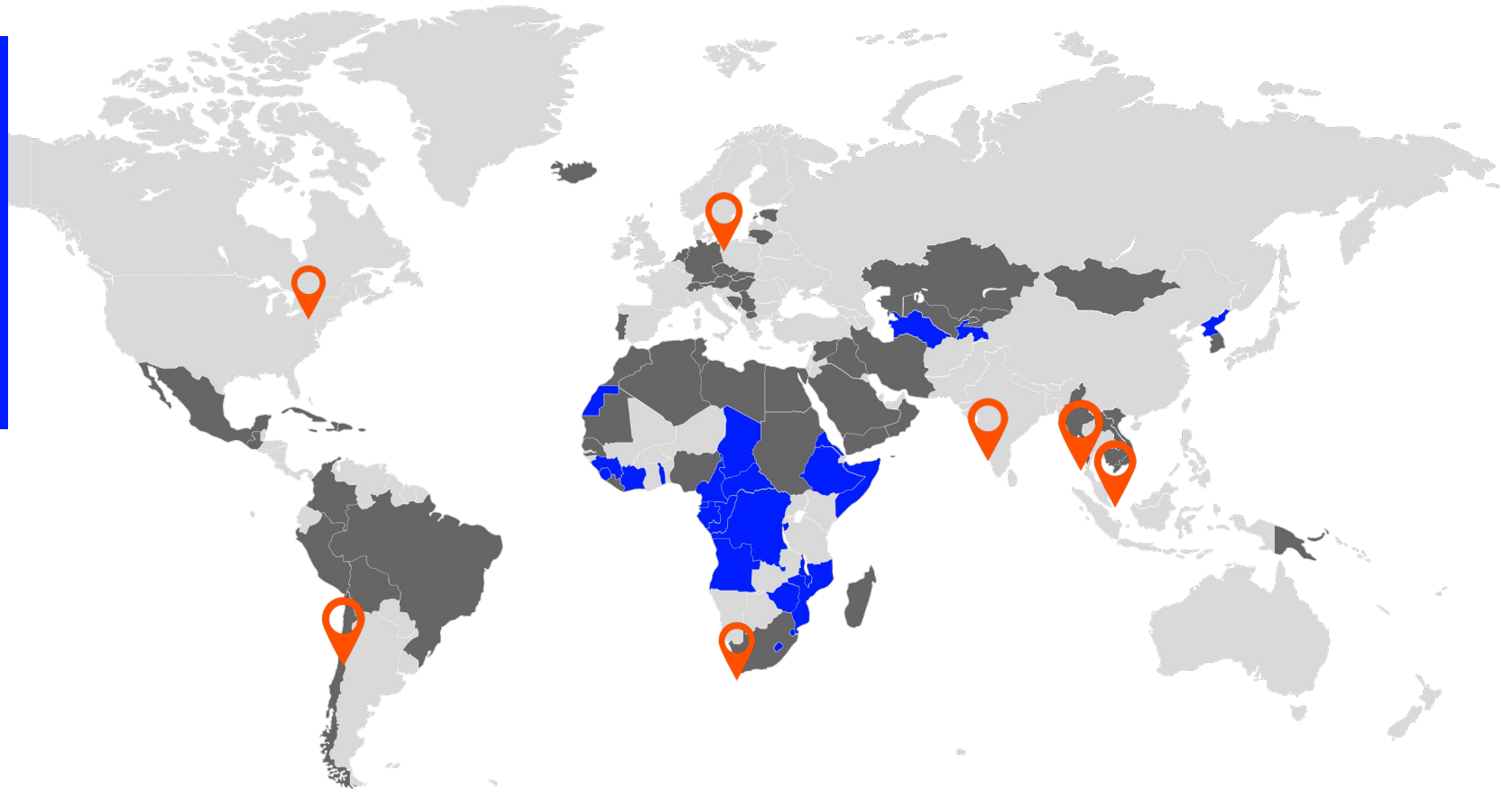
Gathering the extensive range of information needed for effective due diligence is an arduous, time-consuming task, especially where the business relationship involves other countries, or where relevant information can be hard to find and in a local language.

World-Check data

- 600+ researchers situated on five continents
- 90+% of World-Check researchers speak two or more languages
- **Native-speaking researchers** pick up on textual or cultural subtleties in the text in a way that multilingual speakers do not

Key:

Difficulty finding information



THE WORLD-CHECK CONTENT: REGULATORY DRIVERS

The World-Check content is driven by and **aligned to legislation and regulation**; it is designed to help clients comply with regulatory obligations, such as:

Sanctions

- OFAC, CAATSA, EU, UN, UKHMT, CANS, MINEFI, DFAT and hundreds more

Anti-money laundering

- FATF and Wolfsberg guidance, BSA, USA PATRIOT Act, 4MLD and 5MLD

Anti-bribery and corruption

- FCPA, UKBA, OECD Anti-Bribery Convention, UN Convention against Corruption

Countering the financing of terrorism

- UN Convention for the Suppression of the Financing of Terrorism, FATF, USA PATRIOT Act

Anti-organized crime

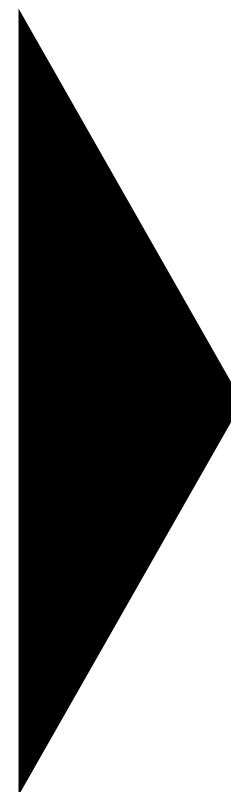
- Palermo Convention, POCA, RICO

Human rights and supply chains

- UK Modern Slavery Act, Dodd-Frank Act, California Transparency in Supply Chains Act

Environmental legislation

- EU Timber Regulation, U.S. Lacey Act, Devoir de vigilance



Sanctions

Law enforcement

Regulatory enforcement

PEPs and RCAs

SOEs and SIEs

Negative media



THANK YOU

Refinitiv is one of the world's largest providers of financial markets data and infrastructure, serving over 40,000 institutions in approximately 190 countries. It provides leading data and insights, trading platforms, and open data and technology platforms that connect a thriving global financial markets community – driving performance in trading, investment, wealth management, regulatory compliance, market data management, enterprise risk and fighting financial crime.

Visit refinitiv.com

 @Refinitiv

 Refinitiv

REFINITIV[®]
DATA IS JUST
THE BEGINNING[®] 