

Optimize OFAC compliance and keep pace with changing market dynamics

Key considerations to achieve a risk-responsive sanctions compliance strategy



Shifting market conditions increase your exposure to sanctions and compliance risks



The rapid expansion of digital commerce accelerates transaction speed and drives globalization of commerce



Decentralized, cross-border commerce demands more resources to effectively manage risks



Overlapping regulatory expectations and multiple sanctions regimes are complex to navigate



Expectations for faster, near-frictionless transactions create operational pressure to compress onboarding times and conversion rates



Virtual assets provide pseudo-anonymity and are difficult to linearly tie-back to an individual or entity

Bad actors and organizations capitalize on these same conditions to facilitate sanctions evasion, financial crimes and fraud



Financial criminals leverage digital commerce and virtual assets to hide behind faceless transactions



Cross-border transactions provide a proxy route to mask criminal activities, sanctions evasion and money laundering



Bad actors avoid detection by utilizing mule accounts, virtual private network (VPN) and proxies

The intersection of the digital and traditional economies is a key focus for investigation

Regulatory oversight and policy have expanded to encompass the digital space and virtual assets. The transition point where virtual currency moves into the traditional financial system is an area for heightened regulatory scrutiny.



Financial Action Task Force's (FATF) Interpretative Note on Recommendation 15 formalizes regulatory expectations for virtual asset service providers.



The Office of Foreign Assets Controls (OFAC) has significantly expanded oversight into digital commerce and virtual currencies.



Recent OFAC enforcements encompass a broad definition of the U.S. financial system, including USD and non-USD transactions, USD correspondent accounts and intermediary Financial exchange (FX) transactions.



OFAC is also reviewing organizations that **conduct business with a person or sanctioned territory utilizing a U.S.-based server or U.S.-origin software.** This means it is crucial to understand how transactions are processed.

Sanctions risk is everywhere. The optimal response is a robust and risk-responsive compliance strategy.

A proactive, risk-based compliance strategy combines dynamic, digital identity intelligence with extensive sanctions and enforcements coverage. Capture a near real-time view of an individual or entity with a due diligence approach that includes these essentials:



Up-front screening protocols that deliver a unified and transparent picture of an identity by combining physical and digital intelligence



Digital identity insights on transaction behavior, device and location information



Current coverage of worldwide sanctions lists including OFAC, European Union (EU), United Nations (UN) and Her Majesty Treasury (HMT)



Deeper sanctions intelligence that includes family members and associates of sanctioned entities, branches and operational units of sanctioned banks and entities owned or controlled by sanctioned subjects



Agility to tailor risk assessments to meet specific thresholds and readily adjust to reflect emerging threats and market changes



Repeated periodic monitoring of the account across the lifecycle of the relationship

Keeping up with sanctions changes in Hong Kong and the Asia Pacific Region?

The situation between mainland China and Hong Kong remains fluid. As the climate around compliance and sanctions evolves, it is important to pay close attention to changing regulatory requirements that include



Recent announcements from the U.S. government regarding the imposition of sanctions against individuals in Hong Kong and Mainland China



Section 7 of the Hong Kong Human Rights and Democracy Act of 2019



Global Magnitsky Sanctions



International Emergency Economic Powers Act (IEEPA)



Section 7031(c) of the FY 2019 Department of State, Foreign Operations, and Related Programs Appropriations Act (US-travel ban)



Hong Kong Autonomy Act¹



Regulatory requirements from the Monetary Authority of Singapore (MAS), Hong Kong Securities and Futures Commission (SFC) and Hong Kong Monetary Authority (HKMA)

Connect with us to design a compliance strategy that prioritizes business growth while helping your business proactively avoid sanctions risk.

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