

Sanctions against Russia: which new organisational measures for each type of problem?

Nominative sanctions, trade sanctions, sanctions evasion

> Onboarding, transaction monitoring, periodic review: new measures expected by FINMA

> What are the holes in the racket? What to do about them? What are the best practices?

Despite concerted efforts by the United States, the EU, and their allies, sanctions evasion continues. This evasion may involve complicit financial intermediaries as well as those unaware of their involvement. Regulators retain the authority to impose fines without requiring evidence of intent or deliberate violation. In fact, ignoring sanctions evasion does not absolve a financial institution of its responsibility, or even potential criminal liability, under the framework of economic sanctions compliance. This session essentially raises the question of whether the current anti-money laundering framework and transaction screening against lists of sanctioned individuals and entities are sufficient, or whether significant gaps remain.

WHAT IS ALREADY DONE VIA AML, NEW MEASURES, WEAKNESSES

14.00 **The different facets of the sanctions issue: some issues are already addressed by the AML controls; some are entirely new. What are the potential « holes in the racket » and what to do about them?**

- Detecting potential sanctions evasion techniques – easy or particularly difficult when it comes to the use of nominees, trust and legal arrangements, offshore entities, etc?
- Under the current regulatory framework, would the identification and verification of BO help to detect potential nominees in place of sanctioned individuals?
- Besides the filtering of transactions against the sanctions lists, would the AML transactions monitoring help to detect violations of sanctions?
- How to detect trade related violations to sanctions? How to identify goods and services subject to sanctions?
- What to do if corporate clients make use of regulatory arbitrage to carry out commercial transactions in countries that do not apply Western sanctions?
- What are the holes in the racket: how to detect potential sanctions risks in the low and medium risks client business relationships if these are solely subject to a periodic review only every 5 to 7 years?
- Banks are required to secure organizational measures are in place to secure that clients cannot circumvent sanctions. What is the impact on business relationship onboarding, transaction monitoring, periodic review? Are sanctions topics considered in the Source of Wealth and the Source of Funds?
- Internal directive on sanctions: for what purpose? Must-have? Which challenges?

Olivier Maes, Executive Director, GRC, Head Regulatory Compliance and Financial Crime, Forvis Mazars, Switzerland and Liechtenstein

TRADE SANCTIONS

14.50 **How to identify the clients who are exposed to the trade sanctions**

- How to detect in practice the clients active in the trade of certain goods (or provide financial services in connection with this sanctioned trade) that are targeted by sanctions
 - How to detect the clients which trade with jurisdictions that do not apply the sanctions against Russia or jurisdictions that have the reputation of being used to circumvent sanctions?
 - When it is impossible to screen names, are you expected to review all clients files to discover the relevant indicia? Can you wait the periodical review, especially for the low risk clients?
 - What type of reviews have been conducted to deal with this problem?
- Jurgen Egberink, Senior Manager, FS Forensics, Risk & Regulatory, PwC**

15.30 Coffee break

SANCTIONS EVASION

15.50 **Which organisational measures can be implemented to detect / block the circumvention of sanctions?**

- Verification of the UBO / search of the true UBO already enables to detect the evasion of sanctions which are based on hiding the real UBO; but are there some specific redflags that indicate the sanctions evasion per se, that are different of the ML redflags?
 - In order to detect sanctions evasion, should you systematically look for forms of control by other means (like in Luxembourg) and not stop the verification of UBO when a UBO by ownership is identified?
 - What are the indicia of a circumvention of sanctions that can be spotted by reading the KYC?
 - How to adapt the KYC to tackle the sanctions issues: must the KYC be proactive and search actively for indicia of sanctions circumvention or just use the information already in the KYC?
 - Screening should not be limited to AML relevant actors (contracting party, UBO, POA holder, signatories...), but extended to sanctions relevant actors: parents, donor, donee, ...
 - How to adapt transaction monitoring: examples of transactions used to evade sanctions
 - Do the periods defined for AML reviews have to be adjusted to sanctions or can the same periods be used?
 - Should you systematically analyse the operations often used to evade sanctions (gifts, fake sales of assets, loans...)? Must you investigate the operations made in the past, including before 2022?
 - Examples of complex structures which are used to circumvent sanctions
- Francesco Fazzi, Manager, Financial Services Consulting - Legal, Regulatory & Compliance, KPMG AG, Zurich**
Sarah Wymann, Manager, Financial Services Consulting - Legal, Regulatory & Compliance, KPMG AG, Zurich

16.40 **Sanction evasion - Transaction corroboration analysis**

- Regulatory landscape and Regulatory basis for high-risk transaction clarifications
 - Challenges and common errors in the corroboration process
 - What information and document sources should be leveraged for transaction corroboration
 - What to look out for in terms of the existence, accuracy and Rights and Obligations when verifying transactions. Looking into examples including: asset sale (private equity /non-listed company), gifts/ donations, real estate, fine arts
- Anna Metodieva, Manager - Financial Crime, PwC, Zurich**

17.10 **What must be done when you find indicia of sanctions evasion?**

- Report to authorities? Which ones? SECO ? FINMA or both?
 - Freeze the bank accounts of all involved parties : donor, donee, intermediaries, accomplices, service provider...?
 - Freezing only the transferred amounts or all the assets on the account of all people involved in the evasion?
 - Should you take into consideration the litigation risk with the clients: challenging the reality of a gift, as an example, and blocking the legitimate wealth planning operations of the clients is a big move.
- Olivier Maes**

17.40 End of the conference

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PRACTICAL INFORMATION

Venue
Zurich Sheraton Hotel
Pfingstweidstrasse 100, Zurich

Visio conference on Zoom
The Zoom link and the documentation will be sent to the participants on 31 March in the afternoon. Academy & Finance provides technical assistance during the conference.

How to register
by phone: +41 (0) 22 849 01 11
by fax: +41 (0) 22 849 01 10
by e-mail: info@academyfinance.ch
by post: Academy & Finance SA
3 rue Neuve-du-Molard, CH-1204 Geneva
www.academyfinance.ch

Fees
620 CHF (+ VAT 8.1%)
Additional registrations from the same company: - 50%

Registration and payment
Payment is made by bank transfer or by credit card. Credit card payments will be debited immediately upon receipt of card details. In any case, we will send you an invoice by email.

Substitution & cancellation policy
Substitutions from the same company are accepted at any time. Cancellation requests must be received in writing, by fax or by post up to the following dates end of business :
• 25 March refund of 90%
• after 25 March no refund will be made for cancellation.

REGISTRATION FORM

I register for the seminar "Sanctions against Russia: which new organisational measures for each type of problem?" on 1st April 2025.

I will attend in the conference room I will attend online on Zoom

FIRST PARTICIPANT

Full name.....

Position.....

E-mail.....

SECOND PARTICIPANT (-50%)

Full name.....

Position.....

E-mail.....

Company.....

Address.....

Postcode..... City.....

Tel Mobile.....

Person to which the invoice must be sent for payment:

Name..... Email.....

Bank transfer Mastercard VISA

Credit card No : ____/____/____/____ Expiry date : ____/____

Cardholder.....

Date Signature.....