

---

Advanced Certificate in Sanctions and Trade Embargoes in International Business

## Designing and Implementing a Sanctions Compliance Program

---

### **\*\*Adverse Media\*\***

Related terms: Negative news, Sanctions screening

Adverse media refers to negative news or articles about a person or an entity found in various public sources, such as newspapers, magazines, and websites. Sanctions compliance programs may use adverse media to identify and assess the risk posed by customers, vendors, or other business partners. Adverse media can indicate involvement in illegal activities, such as money laundering, terrorism financing, or corruption. Sanctions screening tools can help identify adverse media related to a specific person or entity.

### **\*\*Automated Sanctions Screening\*\***

Related terms: Sanctions list, Watchlist, Name screening

Automated sanctions screening is the process of using software to compare a list of names or entities against a sanctions list or watchlist. The software automates the process of identifying matches and flagging them for further review. Automated sanctions screening can help ensure compliance with international sanctions regulations and reduce the risk of financial penalties and reputational damage. The software can be integrated with other systems, such as customer relationship management (CRM) or enterprise resource planning (ERP) systems, to streamline the sanctions compliance process.

### **\*\*Beneficial Ownership\*\***

Related terms: Ultimate beneficial owner (UBO), Know Your Customer (KYC), Customer due diligence (CDD)

Beneficial ownership refers to the person or entity that ultimately owns or controls a company or legal entity. Determining beneficial ownership is an important part of customer due diligence (CDD) and Know Your Customer (KYC) processes, as it can help identify potential risks and ensure compliance with sanctions regulations. The ultimate beneficial owner (UBO) is the person or entity that holds more than 25% of the company's shares or voting rights, or exercises significant control over the company. Sanctions regulations may require financial institutions and other regulated entities to identify and verify the beneficial ownership of their customers.

### **\*\*Compliance Culture\*\***

Related terms: Tone at the top, Compliance program, Compliance training

Compliance culture refers to the attitudes, behaviors, and values related to compliance with laws,

regulations, and internal policies within an organization. A strong compliance culture can help prevent violations of sanctions regulations and other legal requirements, and promote ethical behavior. The tone at the top, or the attitude and behavior of senior management, plays a critical role in establishing a compliance culture. Compliance training and other programs can help reinforce the importance of compliance and promote a culture of integrity and ethics.

#### **\*\*Designated Nationals\*\***

Related terms: Specially Designated Nationals (SDNs), Office of Foreign Assets Control (OFAC), Sanctions list

Designated nationals are individuals or entities that have been designated by the U.S. government as being subject to economic sanctions. Specially Designated Nationals (SDNs) are a type of designated national that are subject to comprehensive sanctions, meaning that all property and interests in property of the SDN are blocked, and U.S. persons are generally prohibited from dealing with them. The Office of Foreign Assets Control (OFAC) maintains a list of designated nationals, which is updated regularly. Financial institutions and other regulated entities are required to screen their customers and transactions against the sanctions list to ensure compliance with U.S. sanctions regulations.

#### **\*\*Due Diligence\*\***

Related terms: Customer due diligence (CDD), Know Your Customer (KYC), Enhanced due diligence (EDD)

Due diligence is the process of conducting a thorough investigation and assessment of a person or entity to identify and assess potential risks. Customer due diligence (CDD) and Know Your Customer (KYC) processes are types of due diligence that are used to identify and verify the identity of customers and assess their risk profile. Enhanced due diligence (EDD) is a more detailed and rigorous form of due diligence that is used for higher-risk customers or transactions. Due diligence is an important part of sanctions compliance, as it can help identify and mitigate potential risks and prevent violations of sanctions regulations.

#### **\*\*Economic Sanctions\*\***

Related terms: Trade embargoes, Financial sanctions, Diplomatic sanctions

Economic sanctions are measures taken by governments or international organizations to restrict or prohibit economic activity with a specific country, person, or entity. Economic sanctions can take various forms, such as trade embargoes, financial sanctions, or restrictions on travel or immigration. The goal of economic sanctions is to change the behavior of the targeted country, person, or entity by imposing costs and limiting access to resources. Sanctions compliance programs are designed to ensure compliance with economic sanctions regulations and prevent financial penalties and reputational damage.

#### **\*\*False Negative\*\***

Related terms: Sanctions screening, Name screening, Watchlist

A false negative is a type of error that occurs when a sanctions screening or name screening tool fails to identify a match between a name or entity on a sanctions list or watchlist and a customer or transaction.

False negatives can occur due to various factors, such as spelling errors, name variations, or incomplete information. False negatives can result in the processing of transactions that violate sanctions regulations, and can expose financial institutions and other regulated entities to financial penalties and reputational damage.

**\*\*False Positive\*\***

Related terms: Sanctions screening, Name screening, Watchlist

A false positive is a type of error that occurs when a sanctions screening or name screening tool incorrectly identifies a match between a name or entity on a sanctions list or watchlist and a customer or transaction. False positives can occur due to various factors, such as name similarities, common names, or inaccurate information. False positives can result in additional review and investigation, and can cause delays and inefficiencies in the sanctions compliance process.

**\*\*Geographic Targeting Orders (GTOs)\*\***

Related terms: Financial Crimes Enforcement Network (FinCEN), Anti-Money Laundering (AML), Bank Secrecy Act (BSA)

Geographic Targeting Orders (GTOs) are administrative orders issued by the Financial Crimes Enforcement Network (FinCEN) that require financial institutions to collect and report certain information about transactions involving specific geographic areas, customers, or products. GTOs are used to detect and prevent money laundering, terrorism financing, and other financial crimes. Financial institutions are required to comply with GTOs as part of their Anti-Money Laundering (AML) and Bank Secrecy Act (BSA) obligations.

**\*\*High-Risk Customers\*\***

Related terms: Due diligence, Customer risk assessment, Enhanced due diligence (EDD)

High-risk customers are customers who pose a higher risk of involvement in money laundering, terrorism financing, or other financial crimes. High-risk customers may include politically exposed persons (PEPs), customers from high-risk countries, or customers involved in high-risk industries or activities. Financial institutions and other regulated entities are required to conduct enhanced due diligence (EDD) and ongoing monitoring of high-risk customers to identify and mitigate potential risks.

**\*\*International Traffic in Arms Regulations (ITAR)\*\***

Related terms: Export control, Defense articles, Defense services

The International Traffic in Arms Regulations (ITAR) is a set of U.S. regulations that govern the export and temporary import of defense articles and defense services. ITAR regulates the export of items that are specifically designed, developed, configured, or adapted for military applications, as well as technical data related to these items. Sanctions compliance programs for companies involved in the export of defense articles or defense services must include ITAR compliance measures, such as obtaining licenses and conducting due diligence on customers and partners.

**\*\*Know Your Customer (KYC)\*\***

Related terms: Customer due diligence (CDD), Beneficial ownership, Enhanced due diligence (EDD)

Know Your Customer (KYC) is a process of identifying and verifying the identity of customers and assessing their risk profile. KYC is an important part of customer due diligence (CDD) and sanctions compliance, as it can help identify and mitigate potential risks and prevent violations of sanctions regulations. KYC processes may include collecting and verifying customer identification information, conducting risk assessments, and conducting ongoing monitoring of customer transactions.

**\*\*List-Based Screening\*\***

Related terms: Sanctions list, Watchlist, Name screening

List-based screening is the process of comparing a list of names or entities against a sanctions list or watchlist to identify matches. List-based screening can be manual or automated, and is an important part of sanctions compliance. Financial institutions and other regulated entities are required to screen their customers and transactions against sanctions lists to ensure compliance with sanctions regulations.

**\*\*Negative News\*\***

Related terms