

THE CAMSTOLL GROUP



# MANAGING SANCTIONS-RELATED RISK

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34TH ASIAN BANKERS ASSOCIATION CONFERENCE

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# SANCTIONS-RELATED RISK

## **SANCTIONS RISK:**

- Providing financial services or otherwise conducting business with individuals or entities that are on a sanctions list or are sanctioned by law

## **SANCTIONS-RELATED RISK:**

- Unknowingly providing financial services or otherwise conducting business with individuals or entities that are materially associated with sanctioned actors

# MANAGING SANCTIONS-RELATED RISK

## IMPLICATIONS FOR ASIAN BANKS

- Legal risk
- Correspondent banking risk
- Reputational risk

## RUSSIA

# SANCTIONS-RELATED RISK

## SANCTIONS ENVIRONMENT OVERVIEW

- List-based sanctions
- Sectoral sanctions
- Embargo-style sanctions on Crimea
- Other Russia sanctions-related risks



Belarus' President Lukashenko, Russia's President Putin, Germany's Chancellor Merkel, former French President Hollande, & Ukraine's President Poroshenko pose for photo during Ukraine-related peace talks in Minsk, Belarus in 2015. (Grigory Dukor/Reuters)

# RUSSIA SANCTIONS-RELATED RISK

## CASE STUDY: RUSSIA SANCTIONS-RELATED RISK

*Your client's counterparty is a Russian company not on the sanctions list.*

*Due diligence shows:*



# IRAN

# SANCTIONS-RELATED RISK

## SANCTIONS ENVIRONMENT OVERVIEW

- Approximately 500 entities and individuals remain on sanctions lists until transition day (2023) or indefinitely
- Entities and individuals related to IRGC, terrorism, ballistic missile, and human rights sanctions programs



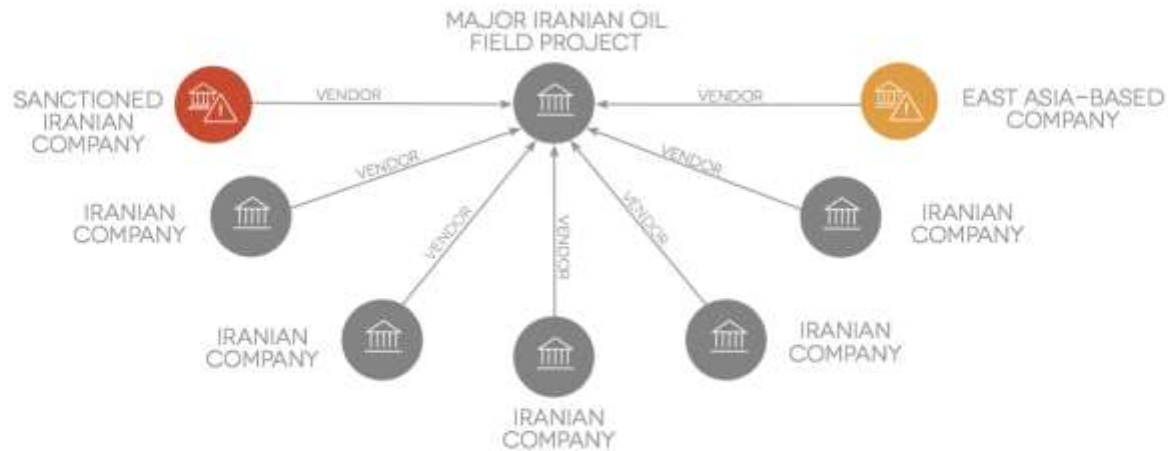
European Union High Representative for Foreign Affairs and Security Policy Mogherini, Iranian Foreign Minister Zarif, Former British Foreign Secretary Hammond, and Former U.S. Secretary of State Kerry pictured at the Vienna International Center in Vienna, Austria in July 2015. (Reuters/Carlos Barria/ File Photo)

# IRAN SANCTIONS-RELATED RISK

## CASE STUDY: IRAN SANCTIONS-RELATED RISK

Your client is an East Asia-based company with operations in Iran.

Due diligence shows:



## NORTH KOREA

# SANCTIONS-RELATED RISK

## SANCTIONS ENVIRONMENT OVERVIEW

- Significant restrictions on wide range of commercial activity
- Sanctions targeting includes networks in Asia, the Middle East, Africa, Europe, and the Americas

Residence of the North Korean Ambassador to Singapore pictured in December 2011. The North Korean embassy in Singapore was involved in organizing illegal weapons shipments, according to a 2014 UN report. (AFP/Getty)





# NORTH KOREA SANCTIONS-RELATED RISK

## CASE STUDY: NORTH KOREA SANCTIONS-RELATED RISK

*Your client's counterparty is a Chinese company not on the sanctions list.*

*Due diligence shows:*



## MYANMAR

# SANCTIONS-RELATED RISK

## SANCTIONS ENVIRONMENT OVERVIEW

- October 2016 revocation of all six Myanmar-related sanctions EOs and waiving other statutory blocking and financial sanctions on Myanmar
- Remaining concerns noted by FinCEN (AML/CFT challenges, corruption, and drug trafficking)
- Other sanctions programs relating to Myanmar (Kingpin Act, organized crime, and human rights)



Myanmar industrial port terminal along the Hlaing river in Yangon, Myanmar pictured in June 2016. (Reuters/Soe Zeya Tun)

# MYANMAR SANCTIONS-RELATED RISK

## CASE STUDY: POST SANCTIONS RISK

*Your client's counterparty is a delisted Myanmar company.*

*Due diligence shows:*



## NARCOTICS

# SANCTIONS-RELATED RISK

## SANCTIONS ENVIRONMENT OVERVIEW

- Approximately 2000 entities and individuals subject to Kingpin Act
- Significant targeting of illicit networks in Colombia, Mexico, and Central America
- Asia and Middle East-based illicit networks also subject to sanctions



An Afghan soldier walks through a poppy field in Kandahar, Afghanistan in April 2013. (Andrew Burton/Getty Images)

# NARCOTICS SANCTIONS-RELATED RISK

## CASE STUDY: NARCOTICS SANCTIONS-RELATED RISK

*Your client's counterparty is a Chinese chemical manufacturer not on the sanctions list.*

*Due diligence shows:*



## TERRORISM

# SANCTIONS-RELATED RISK

## SANCTIONS ENVIRONMENT OVERVIEW

- Terrorism-related sanctions programs maintained by UN and major jurisdictions
- Sanctioned actors located across Asia, the Middle East, Africa, Europe, and the Americas
- Targets state-owned entities, businesses, financial institutions, charities, and individuals



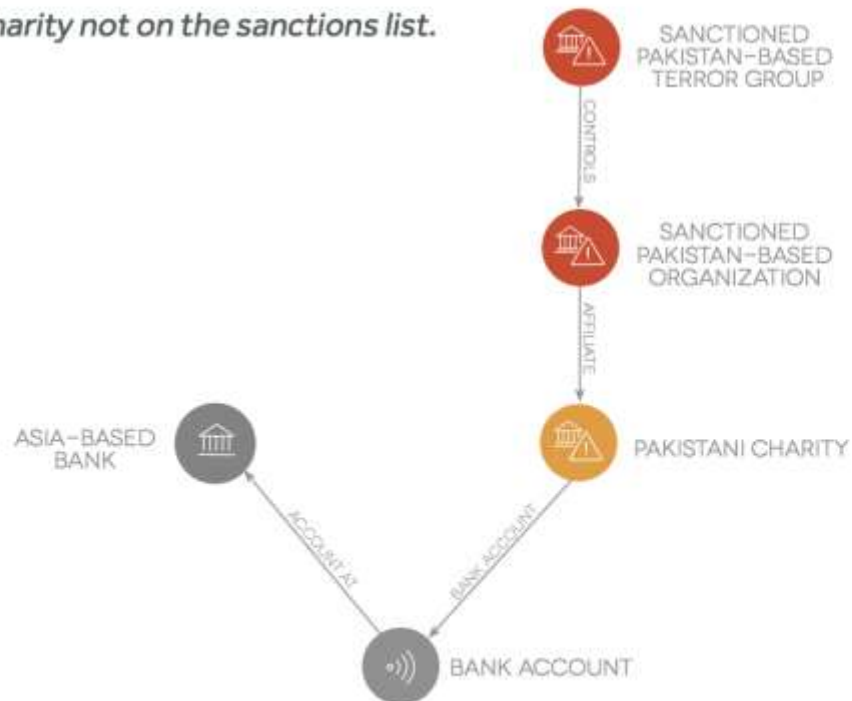
Indonesian police pictured during January 2016 attack by ISIS militants in Jakarta, Indonesia. (Bay Ismoyo/Getty)

# TERRORISM SANCTIONS-RELATED RISK

## CASE STUDY: TERRORISM SANCTIONS-RELATED RISK

*Payment activity involving a Pakistani charity not on the sanctions list.*

*Due diligence shows:*





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