The Coalition to Fighting Financial Crime
Urgent need for a global, coordinated approach

Christopher Stringham
3 September 2019
Who we are and what we do
A primer on Refinitiv
Our DNA – as the world’s first Fintech with over a 150 year history

1850  PIGEON
Paul Julius Reuter used carrier pigeons and the new Calais-Dover cable to transmit stock market quotations

1858  CABLE
Cable from GB to US laid, enabling Reuters to expand its expertise in global currency exchange

1865  TELEGRAPH
Reuters first to report President Lincoln assassination by telegraphing news to London

1964  STOCKMASTER
Market prices carried from New York to London for delivery around Europe on Stockmaster machines

1973  MONITOR
Monitor Money Rates Service launches, creating the first electronic marketplace for FX

1980  TRIARCH
Launched Trading Room Architecture (Triarch) – our first API

1981  DEALING
Reuters Monitor Dealing Service launches enabling FX trades via video. Quite literally the first Social Network

1989  DEALING 2000
Reuters launches Dealing 2000 enabling automated communication between traders and their back office

1999  REUTERS 3000XTRA
Private network links to Reuters gives live prices from global stock, commodity, futures, derivative and bond markets as well as FX price makers.

2001  RMDS
Reuters Market Data System launched to help clients integrate and distribute third-party data

2006  TREP
Thomson Reuters Enterprise Platform launches, delivering a massive decrease in latency in the movement of complex financial content between counterparties

2010  EIKON
Thomson Reuters launches next generation desktop Eikon, providing access to trusted news, data & analytics for the financial community

2013  ELEKTRON
Enabling firms to function and run their operations by delivering powerful content and technology solutions

2016  EIKON APP STUDIO
Open platform approach taken to a new level with Eikon App Studio and Thomson Reuters Professional Developer Community (TRPDC)

2017  ELEKTRON DATA PLATFORM
An open platform that supports an ecosystem where content, analytics and proprietary, customer and 3rd party technology come together to reveal hidden opportunities, potential risks and new pathways to profits

2018  REFINITIV FORMATION
Who we are, what we do

Data, Analytics and Workflow

- Equipping customers with the data, insights, technologies, and expertise to succeed
- The rise of smarter humans with smarter machines

Driving Performance
- News content workflow and analytics
- Indices and benchmarks
- Trading infrastructure and services
- Hosted transaction processing
- Pricing reference and entity data
- Execution management systems

Enabling Community and Connectivity
- Connecting the global ecosystem to drive performance and innovation
- Supporting the industry to be more agile in trading and investing

Venues and Transactions
- FX venues – Dealing, Matching, FXall
- Fixed income venues – D2D and D2C
- Messaging and chat
- Eikon Auctions and FI call outs

Elemental source of mission critical data into our customer’s core workflow

Risk
- Anticipate, proactively manage, and inform on risk and compliance
- Supporting global and expanding businesses manage risk across different geographies

Managing Risk & Regulation
- Anti-financial crime data and Enhanced Due Diligence solutions
- KYC/AML managed services and Utilities
- Legal Entity Identifiers
- Enterprise Risk Management Technology
World-Check® is our risk intelligence database

It provides organizations with structured data from reliable and reputable public domain sources to help them fulfill their due diligence obligations and identify potential financial and related crime, as well as politically exposed persons (PEPs).

Meeting global legislation:

- Anti-Money Laundering Legislation
- Foreign Corrupt Practices Act
- UK Bribery Act
- OECD Anti-Bribery Act
- Countering the Financing of Terrorism Legislation CFT/CTF
- UK Modern Slavery Act
- Conflict Minerals Legislation
- Dodd-Frank Act
- California Transparency in Supply Chains Act
- EU Timber Regulation (EUTR)-FLEGT
- Australian Illegal Logging Prohibition Act
- Environmental Legislation
- PEP Screening – National/Global
- Sanctions Compliance

What is included in the data?

- Sanctions
- PEPs & RCAs
- Law Enforcement
- Regulatory Enforcement
- Negative media
Current state of affairs
Money laundering continues to dominate the headlines…

‘EU drafts new money laundering laws following bank scandals’

Criminals hide ‘billions’ in crypto-cash - Europol

‘Danske Bank implicated in $234 billion money laundering scandal’

Punjab National Bank hit by $1.8bn in fraudulent transactions

Cyber attacks are more sophisticated than ever - interview with Seth Berman

A crackdown on financial crime means global banks are derisking

Charities and poor migrants are among the hardest hit

Cyber attacks, fraud hit nine of 10 finance firms in past year: Kroll global survey

Malta and Cyprus face growing pressure over money-laundering

Treasure islands

Trouble for the European Union’s two smallest economies
Collectively, we’re 1% from total failure...there’s a crisis of confidence

Money laundering is truly a global phenomenon

Proceeds from criminal activity in some regions appear to be increasing exponentially

‘Technical’ compliance, rather than effectiveness, is at the center of the current AML system

Data protection rules will impede information sharing between the public and the private sector

Correspondent banks are terminating relationships with regional institutions (e.g. ‘de-risking’), creating barriers to entry and financial inclusion

Chart: Estimated earnings from criminal activity in the US, billions (tax evasion excluded)

Source: UN
The value of money laundered each year is greater than most countries' GDPs

- Refinitiv’s ‘True cost of financial crime’ report
  - $1.5 trillion in lost turnover
  - $1.3 trillion spent on combatting financial crime (3.1% of annual turnover)
  - 47% of firms have been a victim of financial crime
  - 40 million are victims of modern slavery ($150 billion)

- UN report
  - 5% of global GDP in illicit proceeds from organised crime alone
  - Less than 1% of proceeds are seized or frozen by law enforcement

- Global Financial Integrity & IMF
  - Organised crime worth $1.6T – $2.2T globally
  - IMF study corruption would deliver an additional US$1 trillion in tax revenues annually
Common challenges to perform due diligence and monitoring

**SUBSTANTIAL COMPLIANCE COST**
- Compliance costs for banks and other players are significant and growing
- But, the cost of not complying is even higher

**FINANCIAL EXCLUSION**
- Despite proven demand for FS, the market has not yet met those demands
- Global regulators recognize and seek to curb financial exclusion

**RAPIDLY EVOLVING TECHNOLOGY**
- Technology advances increase the capabilities of bad actors
- Lack of regulatory standards on new technology limits ability to counter financial crime

**COMPLEX REGULATORY ENVIRONMENT**
- Regulatory approaches differ significantly between jurisdictions
- Sometimes there are opposing requirements
The need for a collective response
Together with WEF & Europol, we formed the Global Coalition to Fight Financial Crime

Global scope

to raise awareness and create a global standard of cooperation to replace regional safeguards

Representing different parts of the anti-financial crime ecosystem, the Coalition has the expertise to advocate for more effective allocation of resources by promoting best-in-class approaches to:

- Financial crime management
- Risk intelligence
- Law enforcement capabilities
- Public-private information sharing
- Thought leadership
Key objectives identified

Mitigate financial crime by:

- Enhance the effectiveness of the global AML regime
- Identify key weaknesses in the current system
- Advocate tangible reforms at political and policy levels
- Five key objectives identified:
  1. To raise global awareness of financial crime as a critical challenge with grave financial and human consequences
  2. To promote more effective information sharing between public and private entities on a coordinated, global level
  3. Propose mechanisms to identify emerging threats & best practice approaches to develop more robust money laundering systems and controls
  4. To identify pain points in the current AML regime and propose solutions for addressing these
  5. To support initiatives to assist governments and law enforcement to more effectively identify and seize the assets of criminals
Substantial work linked to the Coalition’s objectives

1. **Raise global awareness of financial crime as a critical challenge with grave financial and human consequence**
   - WEF Davos Event 2019
   - Coalition Launch
   - Data analytics project: Human Trafficking
   - Social media campaign reached 64 countries, 15 million

2. **Promote more effective information sharing between public and private entities**
   - Promote the Future of Financial Intelligence Sharing project
   - Discussions with Policy bodies
   - Proposed SA event with FFIS

3. **Propose mechanisms to identify emerging threats & best practice approaches to more robust ML controls**
   - Regional WEF Events – Digital Tools in the Fight Against Financial Crime
   - Nov. 21, 2018 Crypto Event
   - RUSI Financial Crime 2.0 Project

4. **Identify pain points in the current AML/CTF regime and proposing solutions for addressing these**
   - G7 Engagement
   - Engagement with global policy makers on AML/GDPR rules
   - True Cost of Financial Crime report

---

Generate political will to tackle financial crime
Ongoing engagement with G7
We need to promote public-private partnerships and the use of technology

<table>
<thead>
<tr>
<th>Jurisdiction</th>
<th>Model</th>
<th>Led by</th>
</tr>
</thead>
<tbody>
<tr>
<td>Canada – Project PROTECT</td>
<td>Typology co-development</td>
<td>Private sector</td>
</tr>
<tr>
<td>Netherlands – Terrorist Financing Taskforce</td>
<td>Analysts co-location &amp; typology development</td>
<td>Prosecutor-led together with police</td>
</tr>
<tr>
<td>Hong Kong Fraud and Money Laundering Intelligence Taskforce</td>
<td>Tactical info sharing linked to typologies</td>
<td>Law enforcement</td>
</tr>
<tr>
<td>UK Joint Money Laundering Intelligence Taskforce</td>
<td>Tactical info sharing linked to typologies</td>
<td>Law enforcement</td>
</tr>
<tr>
<td>Australian Fintel Alliance</td>
<td>Secondment based &amp; analyst co-location</td>
<td>FIU</td>
</tr>
<tr>
<td>US Financial Crimes Enforcement Network</td>
<td>Case briefing for tactical info sharing</td>
<td>FinCEN</td>
</tr>
<tr>
<td>Singapore AML/CFT Partnership</td>
<td>Typology co-development only</td>
<td>Supervisor</td>
</tr>
<tr>
<td>Europol Financial Intelligence PPP</td>
<td>Transnational typology development</td>
<td>Europol-led</td>
</tr>
</tbody>
</table>
Future of Financial Intelligence Sharing (FFIS) research programme

Understanding the role of public-private financial information-sharing partnerships to detect, prevent and disrupt crime.

www.future-fis.com
Case study: Using analytics to uncover human trafficking
A new perspective on the financial crime challenge – a case study in banking instability

ABLV - one the largest banks in Latvia

Country profile: €8.1 billion in foreign deposits, controlled by 26,000 shell companies

- Banking system represent 40% of Latvia’s GDP!

- 12 February: FinCEN accused ABLV of ‘institutional money laundering’
  - Lost access to the USD funding market
  - Within days there was a €600 million run-on-the-bank

- 19 February: ECB suspended all payments
However, that’s just the beginning… where did the illicit proceeds go?

- **Primary deposit flow and ‘flight-to-safety’**
  - Germany
  - Switzerland
  - Russia

- **Secondary deposit flow destination**
  - UK
  - Ukraine
  - Czech Republic
  - Estonia
  - Cyprus
High Risk Customers and Third Parties

How to identify, manage and address your risks by partnering with Refinitiv

Adam Skowronek
Senior Manager, Enhanced Due Diligence
3 September 2019
### Initial Risk Assessment

<table>
<thead>
<tr>
<th>Company Name</th>
</tr>
</thead>
<tbody>
<tr>
<td>ABC Ltd.</td>
</tr>
<tr>
<td>Mary Jones</td>
</tr>
<tr>
<td>Sayaka Ito</td>
</tr>
<tr>
<td>ZZ Holdings A Ltd.</td>
</tr>
<tr>
<td>OOO Prom</td>
</tr>
<tr>
<td>Constance Daniels</td>
</tr>
<tr>
<td>A.J. Smith</td>
</tr>
<tr>
<td>EVO Incorporated</td>
</tr>
<tr>
<td>Company GmbH</td>
</tr>
<tr>
<td>FED Inc.</td>
</tr>
<tr>
<td>Johann Strauss</td>
</tr>
<tr>
<td>Samuel Beck</td>
</tr>
<tr>
<td>Joanna Wilson</td>
</tr>
<tr>
<td>Sergey Vladimirovich Luma</td>
</tr>
<tr>
<td>KLM Inc.</td>
</tr>
<tr>
<td>John Smith</td>
</tr>
</tbody>
</table>

- Sanctions
- Political Exposure
- Adverse Media
- Source of Wealth
- Country Risk
- Product Risk
- etc.
High Risk Customers

- Politically Exposed Persons or Entities (PEPs)
- Money Services Businesses (MSBs)
- Gaming Companies
- Correspondent Banks
- Bearer Shares
- Customers from higher risk jurisdictions or restricted countries
- Customers whose source of wealth originates from higher risk industries
- Customers with significant adverse media coverage
- Associations to higher risk related parties
It is:

• One-off research exercise.
• Research is done by analysts in research centres.
• Data gathered legally and ethically in public domain.
• Pre-agreed number of subjects only.
• We classify risk.

It is not:

• No continuous screening.
• Not done by machines or Google Translate.
• No unethical activities or dubious sources.
• We do not extend research indefinitely.
• We do not advise on risk.
What do we do?

Standard EDD research elements

- Registration Data
- UBO
- Comprehensive Media and Internet Searches
- Global Compliance Check
- Litigation, Bankruptcy, Regulatory, Law Enforcement
- Business Intelligence
Research Elements

**Media and Internet searches**

- Research conducted by local language speakers.
- Sources include Internet search engines and international/local news aggregators.
- Company checks conducted on official names, former names, trade names, aliases, abbreviations.
- Individual checks conducted on multiple name combinations, translations and transliterations.

Adam Tomasz Skowronek
Adam T Skowronek
Adam Skowronek
Skowronek Adam
Adam Thomas Skowronek

Адам Томаш Сковронек
e tc.
Research Elements

**Global Compliance Checks**
- Compliance, regulatory, sanctions and political exposure → World-Check

**Litigation, regulatory, bankruptcy and law enforcement checks**
- Global country database containing 8000+ country specific databases
- Maintained, audited and expanded by dedicated Content and Knowledge Management teams
- Various methods of retrieval
  - Online sources (open / subscribed)
  - Aggregators
  - Offline sources (manual retrieval)
About UBO…

Out of 235 countries, territories or jurisdictions where companies can be incorporated:
- **58%** have online corporate registries
- **78%** have corporate registries available online / in-person / via fax/post / via a lawyer
- **45%** provide director information and only **36%** disclose shareholders.

Registry information often out of date or incomplete. Ownership information can change overtime and registries often do not update in real time.

UBO research, as done by Refinitiv EDD, spans across registration as well as all available public domain data. We investigate hard-stops through lateral searches in order to present a comprehensive picture.
SoW EDD aims to build a profile of a customer’s current and past activities that contributes to the wealth profile. These may include employment, investments or family wealth. Holistic approach to SoW helps identify gaps in the narrative.

SoW EDD goes beyond simply identifying assets; the assessment should include a narrative on an individuals’ corporate affiliations, employment history, and assets owned (property, shareholdings).

When wealth originates from family ties such as inheritance, marriage or other events, an SoW assessment may be extended to cover the original holder of the wealth.
Survey through authoritative sources of a person or company’s background and reputation. It is conducted by our global network of carefully selected and verified subcontractors and managed by our in-house team of BI Managers. BI sources are selected for their authority and credibility, and their proximity to subjects.

• detailing political associations through relationship mapping
• detailing and contextualizing risk / corruption / social accountability / links to sanctioned entities etc.
• examining source of wealth, expansion of desktop for determining UBO
• best use cases include developing / emerging markets, countries with poorly developed civil sector or lack of independent institutions, low profile/poor media coverage and societies with “macro” social and political issues

Inquiries are conducted in full confidence and within ethical constraints, results are cross-checked with public domain findings at several steps during the report’s lifetime.
What else can we do?

Customized approach

“Let us help you do what you do”:

• Working to Client’s templates (including supporting documents)
• Hybrid research methodology
• Client’s risk assessment
• Great track record against strict quality control

“Targeted EDD”:

• Beyond reputational overview
• **Query**-oriented research
• Insights into specific issues
• High-severity cases
• Extensive, high-value reports
Example of customization
High volume screening with risk assessment – reports seamlessly integrated into the workflow

- Registration Data
- UBO
- Comprehensive Media and Internet Searches
- Global Compliance Check
- Litigation, Bankruptcy, Regulatory, Law Enforcement
- Business Intelligence
- UBO
- GCC
- Custom Media
- Risk Assessment
Examples of integration
How we work with our industry peers

A. Forming part of a panel, producing high-value reports around specific issues, scoping conducted on a case-by-case basis, follow-up meetings

B. Working with a global Private Wealth firm producing SoW validation reports as part of new client on-boarding process, special focus on PEPs

C. Performing a remediation project of entire client portfolio (circa 8,000 subjects) of high net worth clients for tier 1 global bank – fully customized report

D. Assisting an investment bank in conducting reputational due diligence prior to sponsoring IPO of Chinese companies. Due diligence efforts focused on compliance and reputational risks such as financial crime, labour practices, and environmental track record.

E. Assist global investment bank conduct initial KYC-related screening on wealth management customers including watch-list screening and adverse media. Outsourced screening relieves relationship managers from time-consuming on-boarding activities and ensure independent review of potential customers.

F. Helping global investment bank remediate client portfolios from high risk jurisdictions and perform KYC, Source of Funds, UBO Unwrapping, risk assessment.

G. Providing full managed service to a centralised due diligence team of a global investment bank performing a wide range of EDD tasks including custom projects, remediation exercises and deep dive reporting.
Thank you
THE POWER OF WORLD-CHECK
World-Check: background & content
About World-Check

Overview

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

It provides highly structured and high-quality intelligence on heightened risk individuals and entities from public domain data that is:

- Global
- Aggregated
- De-duplicated
- Structured
- Analytical
- Associated
- Enhanced
- Narrative
- Accurate
- Accurate

Global coverage

World-Check has content from every inhabited location on earth – 245 countries and dependent territories – ISO 3166-1
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 & RCAs
- Law Enforcement
- SOEs & SIEs
- Regulatory Enforcement
- Negative media

Use cases

World-Check is used to screen clients, payments, suppliers, agents & intermediaries, vessels, UBOs, SMOs, other third parties, securities and more, in order to identify:

- Possible sanctioned entities, individuals, securities or places
- Politically Exposed Persons and their relatives & 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
The World-Check content: regulatory drivers

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

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

**Anti-Money Laundering**
- FATF & Wolfsberg guidance, BSA, PATRIOT Act, 4MLD & 5MLD, etc.

**Anti-bribery & Corruption**
- FCPA, UKBA, OECD Anti-Bribery Convention, UN Convention Against Corruption, etc.

**Countering the Financing of Terrorism**
- UN Convention for the Suppression of the Financing of Terrorism, FATF, PATRIOT Act, etc.

**Anti-organized crime**
- Palermo Convention, POCA, RICO, etc.

**Human rights & supply chains**
- UK Modern Slavery Act, Dodd Frank Act, California Transparency in Supply Chains Act, etc.

**Environmental legislation**
- EU Timber Regulation, US Lacey Act, etc.
Designing a screening programme
A Risk-Based Approach to Managing Customer & Third Party Risk

**Onboarding and ID&V**
- Identify & verify a customer’s or third party’s identity using reliable, independent sources. Establish business purpose and source of wealth.
- For entities, establish and verify Ultimate Beneficial Owners, corporate structures, related parties, nature of business etc.

**Screening**
- Conduct due diligence by screening clients, suppliers, vessels, Ultimate Beneficial Owners and related parties against global PEP, sanctions, law enforcement, and negative media reference data.
- Take a risk-based approach to screening.

**Risk ranking**
- Use a combination of KYC/KYX, product risk, sectoral risk, inherent risk, geographical risk, and screening results data to risk rank customers or third parties.
- Ideally risk ranking should be done algorithmically.

**Further due diligence**
- Conduct enhanced due diligence on heightened risk individuals or entities to further investigate and document regulatory, supplier or reputational risks.
- For PEPs, this step may include obtaining senior management approval.

**Ongoing Screening & refresh**
- Conduct ongoing screening to monitor clients for any change in status and risk levels after onboarding. This includes periodic KYX refresh and verification.
- Take a risk-based approach to determine re-screening & refresh frequency and thresholds.

**Document decisions & audit**
- Auditable proof of due diligence and record keeping is absolutely vital for any compliance programme.
- Keep records of who made what decision when and for what reasons.
- Routinely audit and test your screening program and rectify issues identified.
Onboarding and ID&V

Screening

Risk ranking

Further due diligence

Ongoing Screening & refresh

Document decisions & audit

- Passport Check
- UBO Check
- Vessel Check

World-Check One Platform

- Media Check

Qual-ID

GoldTier

SRS

EDD

World-Check datafile

Country Risk Ranking

Sanction Set
The screening process

1. Customer or third party data
2. Risk intelligence data
3. Matching Engine
   - Hits
   - Matches?
   - No match
4. Risk ranking
   - High risk
   - Low risk
5. Further due diligence
6. Re-screening

Risk data

Onboarding decision
A risk-based approach to screening

Key decision points – Part I

1. What do you screen?
   - Customer names (individual/entity)
   - Suppliers & 4th parties
   - Agents and intermediaries
   - Employees
   - Related parties
     - Officers & Directors
     - Trustees and beneficiaries
     - UBOs, parent & related companies
   - Transactions or payments
   - Lists of goods (dual-use goods and export restrictions)
   - Reference data (e.g. ISINs)
   - Beneficiaries of CSR programs

2. Against what reference data?
   - Determine what sanctions regimes you need to comply with, and select appropriate keywords (World-Check). May vary by jurisdiction.
   - Create an institutional PEP definition informed by both your regulatory requirements and risks
   - Determine for how long after a PEP has left office you will treat them as such (may vary by level)
   - Decide when and under what circumstances you screen adverse media and watchlist content

3. Matching engine configuration and resolution framework
   - Determine what trade-off between Type I (false negative) and Type II (false positive) errors is compatible with your risk appetite
   - Decide how fuzzy or exact will you set your matching
   - Formulate match auto-resolution criteria to focus teams on probable matches
   - Create a match investigation framework, with rules for when a match will be regarded as false and when it will be confirmed as true
   - Conduct regular testing and tuning

A risk-based approach to screening

Key decision points – Part I

1. What do you screen?
   - Customer names (individual/entity)
   - Suppliers & 4th parties
   - Agents and intermediaries
   - Employees
   - Related parties
     - Officers & Directors
     - Trustees and beneficiaries
     - UBOs, parent & related companies
   - Transactions or payments
   - Lists of goods (dual-use goods and export restrictions)
   - Reference data (e.g. ISINs)
   - Beneficiaries of CSR programs

2. Against what reference data?
   - Determine what sanctions regimes you need to comply with, and select appropriate keywords (World-Check). May vary by jurisdiction.
   - Create an institutional PEP definition informed by both your regulatory requirements and risks
   - Determine for how long after a PEP has left office you will treat them as such (may vary by level)
   - Decide when and under what circumstances you screen adverse media and watchlist content

3. Matching engine configuration and resolution framework
   - Determine what trade-off between Type I (false negative) and Type II (false positive) errors is compatible with your risk appetite
   - Decide how fuzzy or exact will you set your matching
   - Formulate match auto-resolution criteria to focus teams on probable matches
   - Create a match investigation framework, with rules for when a match will be regarded as false and when it will be confirmed as true
   - Conduct regular testing and tuning
<table>
<thead>
<tr>
<th>Risk ranking</th>
<th>Enhanced due diligence</th>
<th>When and how often?</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Create a methodology for assessing risk, based on your compliance goals and exposures</td>
<td>• Decide under what conditions you will conduct further investigative due diligence</td>
<td>• Real-time or T+x?</td>
</tr>
<tr>
<td>• Determine your inherent risk for sanctions, ABAC/ABC, and AML/CFT (if applicable)</td>
<td>• Create a methodology for EDD, including what further ID&amp;V, screening or other information you will collect</td>
<td>• Initial only, periodic or ongoing screening?</td>
</tr>
<tr>
<td>• Use a combination of inherent risk, product risk, sector risk, geographic risk and KYX data to risk rank each customer, supplier or related party</td>
<td>• Formalise a case management and decision-making forum for on- and off-boarding decisions</td>
<td>• Decide under what conditions you will re-screen a name</td>
</tr>
<tr>
<td>• Follow the Pareto principle</td>
<td>• Determine what tools you will use for EDD</td>
<td>• What KYX changes are sufficiently material for productive re-screening?</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• What reference data is sufficiently material for productive re-screening?</td>
</tr>
</tbody>
</table>
PEP Expiration
Problem Statement: For how long after leaving office is a PEP a PEP?

Different countries have varying standards, but in South Africa FICA specifies it’s 12 months after leaving office.

Solution: The biography section of the PEP record is restructured in a new multi-value field to clearly indicate the details of each PEP role. This allows a client to define PEP expiration that is shorter than the World-Check default expiration and therefore exclude that record from re-screening.

### PEP Expiration – reduce alert volume by not over screening

<table>
<thead>
<tr>
<th>PEP ROLE</th>
<th>PEP ROLE LEVEL</th>
<th>PEP POSITION</th>
<th>PEP BIOGRAPHY</th>
<th>PEP ROLE STATUS</th>
<th>TERM START DATE</th>
<th>TERM END DATE</th>
</tr>
</thead>
<tbody>
<tr>
<td>State presidential Candidate</td>
<td>PEP N</td>
<td>Candidate</td>
<td>Democratic Party candidate for US President in 2016 general election</td>
<td>Current</td>
<td>Jul 2009</td>
<td></td>
</tr>
<tr>
<td>Secretary of State</td>
<td>PEP N</td>
<td>Secretary of State</td>
<td>US Secretary of State</td>
<td>Current</td>
<td>Jan 2009</td>
<td></td>
</tr>
<tr>
<td>Senior Official – SOE</td>
<td>PEP N</td>
<td>Senior Official – SOE</td>
<td>Member of the Board of Directors for The Broadcasting Board of Governors</td>
<td>Former</td>
<td>2009</td>
<td>2013</td>
</tr>
<tr>
<td>Federal Senator</td>
<td>PEP N</td>
<td>Member of Legislature</td>
<td>Federal senator for the State of New York</td>
<td>Former</td>
<td>Unknown</td>
<td>Unknown</td>
</tr>
</tbody>
</table>

**PEP Status = Active | Inactive | Unknown**

Calculated value based on the aggregate Role statuses of each PEP AND the status of any connected Primary PEPs.
PEP Expiration in action

The PEP status value in the biography is clearly defined in this multi-layered structure:
- Role
- Role Level
- Position
- Current, Former or Unknown
- Term start and finish date
- PEP role bio

New C6 Update Classification

The same information, displayed differently with clearly defined separators, in the Data-File download.
Datafile set up
World-Check data updates
Politically Exposed Persons
Current sub-categories

- Allows risk ranking and risk-based filtering

<table>
<thead>
<tr>
<th>International Organizations</th>
<th>Primary PEP</th>
<th>Immediate Relatives</th>
<th>Close Associates</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>PEP IO</td>
<td>PEP IO-R</td>
<td>PEP IO-A</td>
</tr>
<tr>
<td>Regional Organizations</td>
<td>PEP RO</td>
<td>PEP RO-R</td>
<td>PEP RO-A</td>
</tr>
<tr>
<td>National Government</td>
<td>PEP N</td>
<td>PEP N-R</td>
<td>PEP N-A</td>
</tr>
<tr>
<td>Sub-National Government</td>
<td>PEP SN</td>
<td>PEP SN-R</td>
<td>PEP SN-A</td>
</tr>
<tr>
<td>Local Government</td>
<td>PEP L</td>
<td>PEP L-R</td>
<td>PEP L-A</td>
</tr>
<tr>
<td>Non-Government</td>
<td>PEP NG</td>
<td>PEP NG-R</td>
<td>PEP NG-A</td>
</tr>
</tbody>
</table>

**SOE** – 50% or more direct ownership by government; 50% or more indirect ownership.

**SIE** – where the government/state holds more than 10% and equal to 50% direct, indirect and combined indirect.
World-Check Sub-Category PEP definitions

World-Check differentiates between Primary (direct) PEPs, Secondary (indirect) PEPs and SOEs in accordance with FATF and related international and local definitions.

There are 6 levels of Primary PEPs:

<table>
<thead>
<tr>
<th>PRIMARY (DIRECT) PEPs</th>
<th>Example</th>
</tr>
</thead>
<tbody>
<tr>
<td>PEP IO INTERNATIONAL Organisations</td>
<td>Senior officials of the United Nations (UN Ambassadors, Permanent Representatives, Plenipotentiaries)</td>
</tr>
<tr>
<td>PEP RO REGIONAL Organisations</td>
<td>Senior officials and members of the European Parliament (EU)</td>
</tr>
<tr>
<td>PEP N NATIONAL Governments</td>
<td>Head &amp; Deputy Head of State or National Government (President, Premier, Chancellor, Prime Minister)</td>
</tr>
<tr>
<td>PEP SN SUB NATIONAL Governments</td>
<td>State Governors / Provincial Heads / Premiers and other Heads and Deputy Heads of Sub National and similar Regional Governments</td>
</tr>
<tr>
<td>PEP L LOCAL Governments / LOCAL PEP definitions</td>
<td>City Mayors (population over 100,000 inhabitants)</td>
</tr>
<tr>
<td>PEP NG NON-GOVERNMENT</td>
<td>Influential religious leaders / representatives of religious organisations with political, judicial, military and administrative (financial) responsibilities</td>
</tr>
</tbody>
</table>

These levels assist clients to filter those included in the PEP sub-category in line with their individual risk based approach, appetite and jurisdiction.

The two Secondary (indirect) PEP differentiators increases the PEP Sub-category bucket to 18 (excluding the SOE / SIE sub-classification).

SECONDARY (INDIRECT) PEPs

| PEP [X] -R IMMEDIATE RELATIVES OF PRIMARY PEPs | Spouse/Partner considered by national law as spouse equivalent Child or stepchild |
| PEP [X] -A CLOSE ASSOCIATES OF PRIMARY PEPs | Close Associate or intermediary Business Associate / Joint owner / fellow shareholder / Partner |

*Please note that the examples given under each level does not present a closed list and is merely supplied as a guide.*
Introduction of New PEP Sub-Categories

PEP Associates

PEP Associates are currently categorised as PEP [X] – A which does not differentiate between which Close Associates are Individuals or Entities.

World-Check plans to improve on this by separating the entities from the individuals by introduction of a new Sub-category:

PEP [X] – AE (Associated Entity)
Private companies, entities, trusts charities, foundations, or any other onshore or offshore vehicles controlled, owned or co-owned by a Primary PEP, whether directly or indirectly (25%+ beneficial ownership)

<table>
<thead>
<tr>
<th>PEP [X] – AE (Associated Entity)</th>
</tr>
</thead>
<tbody>
<tr>
<td>PEP IO – AE</td>
</tr>
<tr>
<td>PEP RO – AE</td>
</tr>
<tr>
<td>PEP N – AE</td>
</tr>
<tr>
<td>PEP SN – AE</td>
</tr>
<tr>
<td>PEP L – AE</td>
</tr>
<tr>
<td>PEP NG – AE</td>
</tr>
</tbody>
</table>

All Entity records under PEP [X] – A will be transferred to the respective new sub-categories as displayed in the table.

The estimated number of records affected = 24, 000
Introduction of New PEP Sub-Categories

PEP Senior SOE Executives/Officials

PEP SOE Senior Executive/Official records are currently categorised as PEP N / PEP SN / PEP L with no clear way to identify the Board Members; Senior Executives and officials and/or Directors of SOEs from e.g. elected PEPs.

World-Check will introduce the following new sub-categories to better classify these records:

PEP [X] – SO (Senior SOE Official)
Senior executives / board members / directors of state-owned enterprises, nationalised industries and parastatals OR Senior officials of state-owned enterprises administered or owned at the provincial, state, or regional level.

PEP [X] – SO (Senior Official)
PEP IO – SO
PEP RO – SO
PEP N – SO
PEP SN – SO
PEP L – SO

All affected records will be transferred to the respective new sub-categories as displayed in the table.

The estimated number of records affected = 313, 000 (final figures still WIP)
Introduction of New SOE Sub-Categories

Government levels for SOEs

State owned Enterprises are legal entities in which the government/state holds more than 50% direct, indirect or combined indirect shareholding.

Currently, these records are not categorised accordingly to which government control / ownership level (National / Sub-National / Local) the entity falls under.

World-Check will introduce the following new SOE sub-category to better classify these records:

SOE – [X]
*State Owned Entities as per the original definition broken down into the various government levels*

<table>
<thead>
<tr>
<th>SOE – [X]</th>
</tr>
</thead>
<tbody>
<tr>
<td>SOE – IO</td>
</tr>
<tr>
<td>SOE – RO</td>
</tr>
<tr>
<td>SOE – N</td>
</tr>
<tr>
<td>SOE – SN</td>
</tr>
<tr>
<td>SOE – L</td>
</tr>
</tbody>
</table>

All affected records will be transferred to the respective new sub-categories as displayed in the table.

The estimated number of records affected = 61,000
Miscellaneous

Further updates

- Terrorism category – split between pre- and post-conviction
- Blacklist category (removal)
- Last review date addition
- Sanctions related keyword type change – making implicit sanctions easier to identify
World-Check 1 updates
Structured vs unstructured adverse media

Complimentary datasets

- **Official Lists**: Sanction, Watch & Regulatory And Law Enforcement Lists
- **Politically Exposed Persons, Relative or Close Associate, State Owned Entities and State Invested Enterprises**

**Structured Records**

- **PEPs, RCAs, SOEs and SIEs**

**World-Check Structured Records**

**Negative Media**

- FATF (Financial Crime) predicate offences “structured”

**Predicate offence** content captured in WC data; WC does not cover non-financial crime risks (eg murder of passion, reports of sexism, racism or homophobia). WC has strict inclusion criteria.

**Unstructured** text based content such as news content, provides coverage of all negative content including financial crime and reputational risks.

**Media Check**

- All negative media inc. non-Financial (reputational) risks.
Unstructured adverse media screening for Media-Check

**Screen for an Entity**

Once your client administrator has enabled Media-Check and associated group settings, begin by screening for an entity name and entity type.

**Switch to Media-Check**

You will be presented with the WC matches, in order to view media matches, select the Media-Check page.
Media Check in action

Once you have selected the Media-Check page you will be presented with a list of article headlines matching your screening criteria. On the left you will find the filter panel that allows you to further refine your search results and on the right a set of matching article headlines will be displayed. From here you can click each headline to view the full text or multi-select articles to attach to a case.

Results view
Switch between All Matched Articles and previously attached articles to see any media attached to the case.

Smart Filter toggle
The smart filter finds articles that include risk keywords impacting the screened entity and any name variations.

Matched entity filter
Use the entity filter to see the count of articles per matched entity and to filter articles.

Narrow results
Further filter results by using the Filters panel. Enter additional keywords or select from pre-defined regions/countries, article topics, and Publication type filters.

Case report exports
You can export articles attached to the case by selecting Export > Case Report and select Headline Only or Full text.

Media resolution
You can select and attach up to 50 articles to each case including the Risk assessment level and any notes.

Duplicates filters
Near exact duplicate articles are automatically grouped together, click on “Similar articles” to expand the group.

Article topics
Easily identify the AML topics that each article references.
Vessel Check on World-Check One

Partnership with IHS Markit – available now

1. From the main screening menu choose Vessel Check
2. Enter the IMO number or the Name of the Vessel
3. Activate Search
Vessel Check in action on World-Check One

Results of a Vessel search and next steps

1. No matches found
2. Matches for further scrutiny choose the live (blue) vessel name to get to further details
1. Further scrutiny of a matched record. Here you can look at the flags the vessel has sailed under, Directors, manager, registered owner etc.

2. Enable on-going monitoring to keep up to date with any changes in the vessel’s status.

3. And/or move directly to screening the vessel against the World-Check data.
Vessel Check in action on World-Check One

Working with the Parent Case Manager

Parent case interface:
1. Assign risk level and Reason
2. Add Notes – such as assign to another user and/or date to re-screen
UBO data
Partnership with Dun & Bradstreet – 19Q3
### UBO data

**Partnership with Dun & Bradstreet – 19Q3**

![Thomson Reuters interface](image)

**Summary Information**

Summary information and a dashboard related to the company and its owners will be available later.

<table>
<thead>
<tr>
<th>Entity Type</th>
<th>Name</th>
<th>Is Beneficiary</th>
<th>Direct Ownership %</th>
<th>Indirect Ownership %</th>
<th>Beneficial Ownership %</th>
<th>Depth</th>
<th>Legal Form</th>
<th>Control Ownership Type</th>
<th>Control Ownership Type Confidence Level</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>D &amp; B SAMPLE CO LTD</td>
<td>No</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>HNNY Surname</td>
<td>Yes</td>
<td>4.35</td>
<td></td>
<td>4.20</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>D &amp; B SAMPLE PARTNERSHIP</td>
<td>No</td>
<td>0.43</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Rachel Hardware</td>
<td>Yes</td>
<td>0.43</td>
<td></td>
<td>0.43</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Test Test 2</td>
<td>Yes</td>
<td>0.43</td>
<td></td>
<td>0.43</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Test Test 1</td>
<td>Yes</td>
<td>5.22</td>
<td></td>
<td>5.22</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>123 SHOPS leasing AS</td>
<td>Yes</td>
<td>0.43</td>
<td></td>
<td>0.43</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Fantastic Test</td>
<td>Yes</td>
<td>0.43</td>
<td></td>
<td>0.43</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>LIMITED PARTNERSHIP WAREHOUSE</td>
<td>Yes</td>
<td>4.36</td>
<td></td>
<td>4.36</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Fore Sample Corporate Shareholder</td>
<td>Yes</td>
<td>4.35</td>
<td></td>
<td>4.35</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Night 13</td>
<td>Yes</td>
<td>43.46</td>
<td></td>
<td>43.46</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Others: Changes Others</td>
<td>Yes</td>
<td>0.43</td>
<td></td>
<td>0.43</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
What is Qual-ID?

Qual-ID is a powerful combination of:

- Digital identity verification
- Document proofing
- Risk screening

The solution

- Focusses exclusively on individuals
- Transcends geographies and channels
- Allows customers to verify identity, proof legal documents, and screen for in one transaction, via one API.
A comprehensive approach

Identity Verification (IDV)
Verifies that a person actually exists and that they are who they say they are by comparing information provided with information obtained from independent reliable sources.

Identity Proofing (IDP)
Confirms that an identity document is legitimate. A facial comparison element adds additional assurance. Both automated and manual mechanisms are available to increase effectiveness.

Risk Screening
Leverages our market-leading risk intelligence via the World-Check One Zero Footprint API to identify potential risk.
Identity Verification (IDV)

Collect identity data

Check against reliable, independent sources

Verify, using a risk-based approach
Identity Proofing (IDP)

- Capture identity image and data
- Compare to ID template library
- Verify using a risk-based approach

OCR, Barcode Scan, AUTO-FILL