RISK REVEALED: JOHANNESBURG
Radisson Blu, Sandton
21st May 2019
The Future of Fighting Financial Crime
Urgent need for a global, coordinated approach

Mike Meadon
21 May 2019
Discussion

Economic crime is a massive and growing problem and pose risks for business, the public sector and citizens.

Public and private sectors are urged to take a public stance in this fight. Building trust and promoting collaboration is the way forward.

Information sharing and the use of technology are needed to uncover criminal networks.

This is not just a compliance issue but poses a risk to the integrity of the financial system.
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

1873
STOCKMASTER
Market prices carried from New York to London for delivery around Europe on Stockmaster machines

1881
DEALING
Reuters Monitor Dealing Service launches enabling FX trades via video. Quite literally the first Social Network

1889
DEALING 2000
Reuters launches Dealing 2000 enabling automated communication between traders and their back office

1964
MONITOR
Monitor Money Rates Service launches, creating the first electronic marketplace for FX

1973
TRIARCH
Launched Trading Room Architecture (Triarch) – our first API

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

2000
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
Enabling firms to function and run their operations by delivering powerful content and technology solutions

2013
ELEKTRON
Open platform approach taken to a new level with Eikon App Studio and Thomson Reuters Professional Developer Community (TRPDC)

2016
EIKON APP
ENABLING FIRM TO FUNCTION

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

Venues and Transactions
- Leading insight and services for our industry’s most demanding business processes
- Connecting the global ecosystem to drive performance and innovation
- Supporting the industry to be more agile in trading and investing

Enabling Community and Connectivity
- 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
About World-Check

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
Money laundering continues to dominate the headlines…

‘EU drafts new money laundering laws following bank scandals’

A crackdown on financial crime means global banks are derisking

Identity thieves are getting more sophisticated

‘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

#StateCaptureInquiry: Bosasa turned money laundering into a fine art

OPINION / 31 MARCH 2019, 2:22PM / VALENCIA TALANE
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
How effective is the AML/CFT system in South Africa?

4,802 cases of corruption & bribery in the last four years, with 757 convictions. 0.0006 convictions per STR filed

4,802 cases of corruption & bribery in the last four years, with 757 convictions. 0.0006 convictions per STR filed
The size of money laundering is greater than any country’s GDPs, excluding the 10 largest

- 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 found curbing 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

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
[1] Terrorist networks are increasingly interlinked and global

Source: World Check
There’s an urgent need to find common ground between conflicting regulatory requirements like AML and privacy.

- We are encouraged that South Africa has adopted data privacy. However, in the area of AML, it could have considerable unintended consequences without further guidance.

Will firms need ‘consent’ from an individual associated with terrorist financing?

Which AML categories meet the ‘public interest’ test?

Safeguards do not apply for firms meeting global obligations

Will firms need to ‘inform’ a human trafficker?

- **Unambiguous ‘Consent’ (S11, POPI)**
  - if collected from the data subject....Consent must be voluntary, specific and informed and data subject has the right to withdraw at any time unless exceptions apply

- **‘Right to be Forgotten’ (S24, POPI)**
  - ...as soon as reasonably practicable

- **‘Public Interest’ test (S37, POPI):**
  - ...public interest outweighs right to privacy to a substantial degree

- **‘Right to be Informed’ (S18 & S74, POPI)**
  - Purposes of the processing and right to complaint
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>
HIGHER RISK CUSTOMERS & 3RD PARTIES:
Who are they & how can you partner with Refinitiv

Sylwia Wolos

*Director: Enhanced Due Diligence - Refinitiv*
Organizations should perform risk assessments on third parties to identify those that require additional due diligence.

**COUNTRY RISK**
- China
- Nigeria
- Iraq
- Indonesia
- Mexico
- India
- Brazil
- Russia
- and more

**INDUSTRY RISK**
- Oil & Gas
- Industrial Goods
- Aerospace
- Healthcare/Pharma
- Consumer Goods
- Technology
- Basic Materials
- Communications

**OTHER DRIVERS**
- PEP/SOE, Commercial Value, Criticality, Gov’t Exposure, Sanctions
# Third Party Risk Assessment Example

<table>
<thead>
<tr>
<th>LOCATION</th>
<th>BUSINESS SECTOR</th>
<th>EXPOSURE TO PUBLIC OFFICIALS</th>
<th>RELATIONSHIP TYPE</th>
<th>RISK RATING</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Low Risk</strong></td>
<td><strong>Low Risk</strong></td>
<td>Are the principals behind the company Foreign Public Figures?</td>
<td>Are the third party goods and services mission-critical?</td>
<td><strong>High Risk</strong></td>
</tr>
<tr>
<td>Norway/Canada</td>
<td>Consumer Services, Retail</td>
<td>Will the business involve government or public contracts?</td>
<td>Does the supplier deal with proprietary info, IT systems and security services?</td>
<td><strong>Medium Risk</strong></td>
</tr>
<tr>
<td><strong>Medium Risk</strong></td>
<td><strong>Medium Risk</strong></td>
<td>Is a government license required for the operation?</td>
<td></td>
<td><strong>Low Risk</strong></td>
</tr>
<tr>
<td>Malaysia/South Africa</td>
<td>Pharmaceuticals/Telecoms</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>High Risk</strong></td>
<td><strong>High Risk</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Venezuela/Ukraine</td>
<td>Oil &amp; Gas, Extraction, Defense</td>
<td></td>
<td></td>
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</tr>
</tbody>
</table>
A Structured Approach to EDD

**BASIC ELEMENTS OF A BACKGROUND SCREEN**

- Sanctions and other compliance database screening
- Adverse media/Internet search for reputational assessment
- Confirmation of subject company status. Verification of key individuals
- Identification of beneficial owners/shareholders
- Director search and associated entities
- Identification of company directors/executives
- Local searches for litigation/bankruptcy/regulatory breaches
- Possibly reputation analysis
- Importance of local language searches
- **Local business intelligence**
- Consistency and thoroughness is key
Sources of Information

- Open Sources
  - Internet/News Aggregators/Foreign Press/Social Media
  - Media Monitoring

- Databases
  - Commercial Information Databases
  - Litigation/Regulatory /Bankruptcy Databases

- Public Records/Official Gov’t Sites
  - Company Registrars/Tax Bureaus/Gov’t Ministries
  - Court Records

© Refinitiv 2019
## Google® and News Aggregators

<table>
<thead>
<tr>
<th>GOOGLE</th>
<th>NEWS AGGREGATORS</th>
</tr>
</thead>
<tbody>
<tr>
<td>+</td>
<td>+</td>
</tr>
<tr>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>• Available in multiple languages</td>
<td>• Access to an extensive number of paid sources</td>
</tr>
<tr>
<td>• Offers access to:</td>
<td>• Valuable access to reliable sources (e.g. major newspapers)</td>
</tr>
<tr>
<td>- company websites</td>
<td>• More relevant results</td>
</tr>
<tr>
<td>- blogs and forums</td>
<td>• More possibilities to refine searches</td>
</tr>
<tr>
<td>- local news sources</td>
<td>• Possibility to limit research to a specific time period / duration</td>
</tr>
<tr>
<td>- trade registries/yellow pages</td>
<td></td>
</tr>
<tr>
<td>• Considerable information noise (numerous irrelevant results)</td>
<td></td>
</tr>
<tr>
<td>• Fewer possibilities to refine searches</td>
<td></td>
</tr>
<tr>
<td>• No access to paid sources</td>
<td></td>
</tr>
</tbody>
</table>

© Refinitiv 2019
Adverse Media Tips

Media and Internet searches – naming combinations
Subject 1: Sadam Hussain (based in Iraq)

<table>
<thead>
<tr>
<th>ENGLISH VERSION</th>
<th>ARABIC CHARACTERS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Saddam Hussein / Hussain / Hoessein / Husayn</td>
<td>صدام حسين</td>
</tr>
<tr>
<td>Saddam Hussein / Hussain/ Hoessein / Husayn Al Tikriti</td>
<td>صدام حسين التكريتي</td>
</tr>
<tr>
<td>Saddam H Al Tikriti</td>
<td>صدام ح التكريتي</td>
</tr>
<tr>
<td>Saddam Al Tikriti</td>
<td>صدام التكريتي</td>
</tr>
<tr>
<td>Al Tikriti Saddam</td>
<td>التكريتي صدام</td>
</tr>
<tr>
<td>El Tikriti / Tikriti / alTikriti / eltikriti</td>
<td>التكريتي</td>
</tr>
</tbody>
</table>

Subject 2: Barack Obama (based in U.S.)
Naming combinations as per naming convention and spelling variations

<p>| |</p>
<table>
<thead>
<tr>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Barack Obama</td>
</tr>
<tr>
<td>Barack Hussein Obama</td>
</tr>
<tr>
<td>Barack H Obama</td>
</tr>
<tr>
<td>Obama Barack</td>
</tr>
<tr>
<td>Barack Hussein Obama</td>
</tr>
<tr>
<td>Barack Hoessein Obama</td>
</tr>
<tr>
<td>Barack Husayn Obama</td>
</tr>
<tr>
<td>B H Obama</td>
</tr>
</tbody>
</table>
Transparency and Challenges in High Risk Areas

Transparency in high risk areas

- Organizations such as the World Bank and The International Finance Corporation (IFC) are supporting transparent disclosure of corporate data to facilitate due diligence.
- China, India and Russia offer ownership information online. Brazil is partially online, but needs to be retrieved by someone with a Brazilian National ID.
- Information is generally available in Eastern Europe, South America and Asia.
- Rwanda and Liberia launched an online registry retrieval portals including shareholders and directors.

Challenges in high risk areas

- Offshore jurisdictions continue to be barriers: the Caribbean, Cyprus, Mauritius, Panama and Delaware in the U.S.
- Mexico remains the most challenging emerging markets economy with a decentralized registry system and security concerns affecting access to information.
- Central America, Africa and the Middle East tend to have the poorest levels of transparency. Shareholder information is not available in South Africa.
- Countries where ownership and directorship information were previously available are ushering new rules limiting the disclosure of information like Hong Kong and Mainland China.
- In 2012, Azerbaijan signed in new law limiting the disclosure of corporate information.
- Cumbersome retrieval processes require in-person requests and manual searches like Indonesia, Ukraine and parts of Africa.
Business Intelligence

When BI brings most value

➢ Most developing / emerging / frontier markets (e.g. Myanmar/Burma)
➢ High risk environment
➢ Poorly developed civil sector; lack of independent institutions/public domain records, poor media coverage
➢ Rapidly developing economy and society with significant emerging “macro” social and political issues

When Public Sources bring most value

➢ High profile/political figures in jurisdictions where media is vigorous (e.g. Russian oligarchs, Indian tycoons, …)
➢ Public domain and media coverage is voluminous, wider issues well-established
➢ Sources, unless very close to the subject, are unlikely to provide fresh information
The Solution

By partnering with Refinitiv, you will benefit from:

- **Unparalleled knowledge, experience and coverage**
  
  With **350+ highly trained researchers** speaking **60+ languages** across **13 global offices**, we are an extension and a compliment to your internal teams.

- **High quality reports with a quick turnaround**
  
  Our Knowledge Management team identifies the best sources in each location, enabling our researchers to spend less time searching and more time analysing.

- **A full service offering**
  
  From high volume low complexity projects to highly bespoke deep-dive due diligence.

- **A consistent, transparent flexible extension to your team**
  
  Refinitiv can adopt a bank’s policy/policies and report templates irrespective of which business line or location an order is placed in.

- **Reduced cost of ownership**
  
  We provide highly skilled researchers in low cost jurisdictions.

- **Greater operational efficiency, greater transparency**
  
  Our secure online portal makes it easy to order, track and administrate.

- **Comprehensive coverage in all jurisdictions**
  
  Our team uses best in class proprietary tools such as World-Check along with subscriptions to leading content aggregators and specialist research tools.

- **A proven and trusted supplier to the industry**
  
  We average **120+ reports per day** across Financial and Corporate sectors globally. And with an **ethical and trusted approach** to intelligence gathering, you can always have confidence in the reports we deliver.
EDD Coverage – our research centers

**Research strength**
- Over 250 research analysts
- One of the largest research teams in the industry
- Over 60 languages
- Cost-effective solutions
- Fast turn-around-time

**Research coverage**
- Open source media
- Commercial databases
- Public records/primary source
- Litigation/regulatory/bankruptcy
- Hard-to-obtain information
- Refinitiv World-Check
- Company ownership data

**Research teams**

<table>
<thead>
<tr>
<th>City</th>
<th>Team Size</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beijing</td>
<td>25</td>
</tr>
<tr>
<td>Gdynia</td>
<td>20</td>
</tr>
<tr>
<td>Hong Kong</td>
<td>10</td>
</tr>
<tr>
<td>Katowice</td>
<td>44</td>
</tr>
<tr>
<td>London</td>
<td>6</td>
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<tr>
<td>Mumbai</td>
<td>44</td>
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<tr>
<td>Panama</td>
<td>39</td>
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<tr>
<td>Penang</td>
<td>76</td>
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<td>Seoul</td>
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<td>Shenzhen</td>
<td>12</td>
</tr>
<tr>
<td>Singapore</td>
<td>3</td>
</tr>
<tr>
<td>Washington DC</td>
<td>1</td>
</tr>
<tr>
<td>Paris</td>
<td>2</td>
</tr>
</tbody>
</table>
Competitive Advantages

**Business intelligence (BI)**
Highest ethical standard of collecting human intelligence via the most comprehensive network of sources in the market provides access to original intelligence not available through the public domain, giving our clients a crucial competitive advantage.

**Media research**
Our trained bi-or tri-lingual analysts conduct extensive Internet research and check multiple Refinitiv and external databases as well as news aggregators.

**Litigation checks**
Our coverage goes beyond aggregators, drilling down to county level and manual searches with analysis of legal documents conducted by experienced local analysts.

**Knowledge and training team**
We are the only provider with documented and well structured knowledge that has grown for two decades of doing research. Our research staff hold industry recognized certifications such as Counter Fraud Specialist and Certified Anti-Money Laundering Specialist.

**Quality assurance (QA)**
All of our reports undergo a multi-step quality review process: all analyst work is checked by experienced reviewers and any potential discrepancies are highlighted.

**Ultimate beneficial ownership (UBO)**
When identifying ultimate beneficial owners, we follow ownership structures through multiple levels using the most current data available.
Data Protection and Security

- EDD data is hosted in ISO/IEC 27001 certified data centers in Singapore and London
- EDD has an ongoing assessment program with regular testing carried out by a third-party security firm insuring adherence to code of conduct
- A dedicated risk and control team performing regular audits of the service
- External accreditation to Standard on Assurance Engagements (ISAE) 3000 which was completed in June 2017
- All staff are subject to pre-employment background screening and security awareness training
- Employment clauses include governing employees’ obligations of confidentiality and obligation to comply with Refinitiv Employee Code of Business Conduct and Ethics
- All staff work on encrypted devices
- The Secure protocol (SSL/TLS) is used to encrypt network communication for all sensitive traffic
- Strong authentication is used to control access to sensitive information and services relating to strictly confidential information
- Operations team connectivity to the production systems is over internal Refinitiv network
- EDD application implements the following information security features which include:
  - Authentication with secure session management
  - Password standard with complexity established
  - Entitlements based on strict security groups and role assignment
  - Anti-virus scan of all documents coming into the service
  - Audit logging of all actions
Thank you
PANEL: Designing & implementing an effective risk-based screening programme
PANEL: Designing & implementing an effective risk-based screening programme

Moderator:
Francois Combrinck
AML & CFT Technology Specialist
Frame AML

Jolanda van der Westhuizen
Group Money Laundering Control Officer
Discovery

Kurt Pillay
Head of Sanctions Systems Advisory
Standard Bank
PANEL: Sanctions Compliance

Moderator: 
**Michael Meadon**  
Market Development Manager, Risk  
*Refinitiv*

**Ntombi Ngema**  
Head: Group Sanctions Desk & AML Regulatory Risk Advisory & Oversight  
*Standard Bank*

**Ernst Pienaar**  
Head of Content Specialists, World-Check  
*Refinitiv*
THE POWER OF WORLD-CHECK
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Michael Meadon
Market Development Manager, Risk
Refinitiv

John Cowlin
Product & content Manager
Refinitiv

Ernst Pienaar
Head of Content Specialists,
World-Check
Refinitiv
About World-Check

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- 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
- Environmental Legislation
- PEP Screening – National/Global
- Sanctions Compliance

**What is included in the data?**

Sanctions

PEPs & RCAs

Law Enforcement

Regulatory Enforcement

Negative media
Why do organisations use risk intelligence databases like World-Check?

Global coverage, local knowledge
- 400+ researchers situated on five continents
- 90+% of World-Check researchers speak two or more languages
- Native-speaking researchers pick up on the subtleties in the text in a way that multilingual speakers do not

Who uses World-Check?
Clients in 170+ countries, including:
- The world’s largest banks
- Fortune 500 companies
- 300+ government and intelligence agencies

Key Reasons to use World-Check Risk Intelligence:
- Far beyond sanctions
- Early warning system
- Truly global research
- PEPs and their associates
- Highly structured information
- Driving operational efficiency
- Strict Quality-Controlled Inclusion Criteria
- AI-powered negative media coverage
- Proof of Due Diligence
World-Check benefits at a glance

World-Check data is used to assist in the **prevention of financial crime and to assist our customers to manage and combat customer, and third-party risk.**

**SUBJECT-MATTER EXPERTISE**
- 400+ domain specialists
- Specialist research teams run across topics such as sanctions, PEPs, financing of terrorism
- Work with state and federal government on specialists projects
- Over 65 local languages spoken by analysts
- +90% of World-Check analysts speak two or more languages
- Analysts monitor areas based on their language capabilities, skill sets and subject-matter expertise
- Industry relevant qualifications such as CAMS and MLRO among our analysts

**RESEARCH METHODOLOGY**
- Stringent quality control at verified internal process standards
- For its completeness, accuracy and validity, our sanctions research process received ISAE 3000 certification
- Ethical approach – only use open source information
- Each record is compiled by following structured methodology
- Analysts required to adhere to stringent research guidelines and inclusion criteria

**BREADTH AND DEPTH OF INFORMATION**
- Comprehensive database, with over 4 million records of individuals and entities from every habited location
- 700+ sanctions, watch and regulatory & law enforcement lists monitored
- Local and international government records
- Company information and regulatory filings
- Country-specific data sources
- International adverse electronic and physical media searches
- English and foreign language data sources
- Relevant industry sources
- Keyworded content

**GLOBAL OPERATIONAL FOOTPRINT**
- Global operation covering five continents
- Around-the-clock global research coverage
- 2014 Interpol commendation: global contribution to curb financial crime
- Coverage of 245 countries and territories

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What is included in the data?

The 5 main buckets

<table>
<thead>
<tr>
<th>Sanctions</th>
<th>Law Enforcement</th>
<th>Regulatory Enforcement</th>
<th>PEPs, RCAs and SOEs</th>
<th>Negative media</th>
</tr>
</thead>
<tbody>
<tr>
<td>Coverage of global sanctions</td>
<td>Entities and individuals wanted, investigated or arrested by an official law enforcement body</td>
<td>Individuals or entities against whom official regulatory administrative action has been taken</td>
<td>Coverage of politically exposed persons to the FATF &amp; Wolfsberg standards</td>
<td>Individuals or entities reliably reported to be questioned, charged, wanted, or accused of a World-Check crime by a law enforcement or regulatory enforcement body</td>
</tr>
<tr>
<td>250+ sanctions lists covered</td>
<td>Examples: OFAC, UN, DFAT, UKHMT, CANS</td>
<td>World-Check crimes &amp; related statutory offenses</td>
<td>Includes primary PEPs and Relatives &amp; Close Associates</td>
<td>World-Check crimes</td>
</tr>
<tr>
<td>100% coverage of <em>explicit</em> sanctions</td>
<td>Keyworded</td>
<td>Keyworded</td>
<td>Flex to cover local PEP definitions where they exist</td>
<td></td>
</tr>
<tr>
<td>Examples: OFAC, UN, DFAT, UKHMT, CANS</td>
<td><em>Implicit</em> (narrative) sanctions</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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Designing a screening programme
<table>
<thead>
<tr>
<th>Customer / supplier onboarding</th>
<th>Understand inherit risks</th>
<th>Screen &amp; classify</th>
<th>Further due diligence</th>
<th>Ongoing Monitoring &amp; screening &amp; refresh</th>
<th>Risk management &amp; reporting</th>
<th>Train and educate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Collect sufficient information to manage your risk.</td>
<td>Determine the inherent corruption, AML/CFT, and sanctions risks associated with clients or third parties.</td>
<td>Conduct due diligence by screening clients, suppliers, and related parties against global PEP, sanctions, law enforcement, and negative media data. Use a combination of KYC, inherent risk, geographical risk, materiality and screening results information to risk classify.</td>
<td>Conduct detailed background checks on any heightened risk individuals or entities to further investigate and document any regulatory, supplier or reputational risks they may pose.</td>
<td>Continuously monitor clients for any change in status and risk levels. This includes re-screening and transaction monitoring, as well as periodic KYC/KYS/KYX refresh.</td>
<td>Take steps to mitigate risks identified, including by exiting relationships and reporting to regulators where appropriate.</td>
<td>Roll out a detailed compliance training program to all staff. Being able to identify possible ABC and AML/CFT risks is a key job requirement for all staff. Ensure a culture of compliance exists, including the right “tone from the top”.</td>
</tr>
<tr>
<td>For customers, this includes source of funds, nature of business and UBO. <strong>Not just ID&amp;V.</strong></td>
<td>Ideally this should be driven by an Institutional Risk Assessment informed my a National Risk Assessment and other objective information.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>For suppliers this includes UBO, directors, fourth parties, supply and cyber risks.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Risk based approach to list management

Three key questions to ask: Screen *what* (e.g. customers, payments, employees), against *which lists* and how often?

### “Minimally Viable” Screening programme

**What:** All customers and relevant related parties (e.g. UBOs) and all cross-border transactions.

**Which lists:** Sanctions (UN and implicit sanctions like INSAE-50-WC) and PEPs. SA include RSA-AT and ZA-FICTFS. Payments against sanctions only.

**How often:** Customers – daily (banks) but others can be less often (e.g. weekly or at pay-out for insurance). Transactions – prior to execution.

### “Middle of the ground” screening programme

**What:** All customers, related parties, cross-border transactions and material or risky domestic payments. Reference data screening (e.g. ISINs if relevant). Employees and suppliers.

**Which lists:** As before, but with further sanction lists like OFAC, UKHMT, and sectoral sanction lists if relevant (e.g. RSSRE). Selected structured adverse media (e.g. SAPS LE list)

**How often:** Daily. Transactions – prior to execution.

### “Significant” screening programme (example)

**What:** All customers, wide set of reference data, all transactions for sanctions (prior to execution) and look-backs against other data (e.g. PEPs)

**Which lists:** All of the World-Check data, plus unstructured adverse media data (e.g. Media-Check)

**How often:** Daily. Transactions – prior to execution for sanctions. Regular look backs (e.g. weekly).
Automation & 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.

<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.
World-Check data updates
Word-Check’s default inclusion criteria for PEPs align to FATF and Wolfsberg guidance, both of which emphasize seniority. Where local PEP definitions exist, World-Check will, for the specific country only, flex to the wider of the definitions between FATF and the local legislation.

In South Africa, we have done extensive work to cover the low level PEPs (or PIPs) introduced by the Financial Intelligence Amendment Act in 2017.

- Inclusion aligned to Schedule 3A as well as Guidance Note 7, and all the sources mentioned in the latter have been used extensively
- Project to ensure coverage was completed on October 3rd, 2017 (effective date) with numerous new profiles created
- Ongoing project around traditional leaders – 3A(a)(vii)
- The World-Check research team has created profiles wherever possible, but publically available PII about low level PEPs is difficult to find
- Secondary PEP coverage for low level PEPs is poor
- We will cover 3A(b) once that sections is made effective
Sanctions compliance in South Africa

UN Sanctions in South Africa

Legal domestication of UN Sanctions via two routes:

• Section 25 of the Protection of Constitutional Democracy Against Terrorism Act (POCDATARA):
  ➢ "The President must, by Proclamation in the Gazette, and other appropriate means of publication, give notice that the Security Council of the United Nations, under Chapter VII of the Charter of the United Nations…"

• Section 26 of Financial Intelligence Centre Act (FIC):
  ➢ "Upon the adoption of a resolution by the Security Council of the United Nations under Chapter VII of the Charter of the United Nations… the Minister must announce the adoption of the resolution by notice in the Gazette and other appropriate means of publication."
  ➢ "This section does not apply to resolutions of the Security Council of the United Nations contemplated in section 25 of the Protection of Constitutional Democracy against Terrorist and Related Activities Act, 2004 (Act No. 33 of 2004)"

World-Check keywords

ZA-FICTFS
- Individuals/Entities subject to Targeted Financial Sanctions (TFS), applicable in South Africa in terms of the United Nations Security Council, Chapter VII.

RSA-AT
- Notifications of updated to the terrorism related sanctions list published inline with the United Nations.

Out of date domestication
- Example of UID 13681
  - Person died in 2006, removed from UN list in 2012
  - Still tagged to RSA-AT because the South African domestication was never done
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>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.
Politically Exposed Persons (PEPs)

New Sub-categories

- Further granular PEP filtering
- Release date TBC – 19Q4 or 20Q1

AE = Close Associate Entity

PEP IO-AE
PEP RO-AE
PEP N-AE
PEP NG-AE

SE = Senior Executive SOE

PEP IO-SE
PEP RO-SE
PEP N-SE

SOE = State Owned Entity

SOE SN
SOE L
SOE N
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

Structured

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

- PEPs, RCAs, SOEs and SIEs

- Negative Media
  - FATF (Financial Crime) predicate offences “structured”
  - Predicate offence content captured in WC data; WC does not cover non-financial crime risks (e.g., murder of passion, reports of sexism, racism or homophobia). WC has strict inclusion criteria.

- Media Check
  - All negative media inc. non-Financial (reputational) risks.
  - Unstructured text based content such as news content, provides coverage of all negative content including financial crime and reputational risks.

Unstructured
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

<table>
<thead>
<tr>
<th>Vessel Type</th>
<th>Date Sign</th>
<th>Gross Tonnage</th>
<th>Date of Build</th>
<th>Flag Name</th>
<th>Match Strength</th>
</tr>
</thead>
<tbody>
<tr>
<td>Offshore Tug/Supply Ship</td>
<td>May 1971</td>
<td></td>
<td></td>
<td>Vanuatu</td>
<td></td>
</tr>
<tr>
<td>General Cargo Ship</td>
<td>Nov 1992</td>
<td></td>
<td></td>
<td>Togo</td>
<td></td>
</tr>
<tr>
<td>Aggregrate Carrier</td>
<td>Aug 2013</td>
<td></td>
<td></td>
<td>Panama</td>
<td></td>
</tr>
<tr>
<td>Tug</td>
<td>Nov 2012</td>
<td></td>
<td></td>
<td>Venezuela</td>
<td></td>
</tr>
<tr>
<td>Platform Supply Ship</td>
<td>Feb 1972</td>
<td></td>
<td></td>
<td>United States Of America</td>
<td></td>
</tr>
<tr>
<td>General Cargo Ship</td>
<td>Apr 1994</td>
<td></td>
<td></td>
<td>Germany</td>
<td></td>
</tr>
<tr>
<td>Ro-Ro Cargo Ship</td>
<td>Jan 1975</td>
<td></td>
<td></td>
<td>Togo</td>
<td></td>
</tr>
<tr>
<td>Platform Supply Ship</td>
<td>Aug 1992</td>
<td></td>
<td></td>
<td>United States Of America</td>
<td></td>
</tr>
<tr>
<td>General Cargo Ship</td>
<td>Jan 1973</td>
<td></td>
<td></td>
<td>Unknown</td>
<td></td>
</tr>
</tbody>
</table>
Vessel Check in action on World-Check One

Search result - drilling down and next steps

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

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UBO data
Partnership with Dun & Bradstreet – 19Q3
THANK YOU.
Contact Us:
EMEA.marketing@refintiv.com