

OFSI Sanctions Compliance

Key Takeaways from the Recent Vanquis Bank OSFI Disclosure

Key Compliance Lesson	Description
Vigilance with OFSI Notifications	<p>Firms must exercise particular vigilance if they receive a notification from OFSI that a suspected customer may be designated in the near future. This should prompt heightened awareness and swift action.</p> <p>In particular, focus on ensuring that sanctions screening alerts are reviewed and discounted or escalated promptly - if necessary, institute specific post notification measures (increased resourcing, etc.)</p> <p>Firms should consider having an OFSI Notification Procedure pre-prepared (in the same way they need to pre-plan for a data breach).</p>
Robust Systems & Controls	<p>Firms must ensure their systems and controls are appropriate to act quickly to implement sanctions, even without prior notification from OFSI.</p> <p>Sanctions screening alert review backlogs are a risk.</p> <p>Firms should periodically test their sanctions screening systems (in house or outsourced) with synthetic data including recent designations, to ensure screening lists are updated promptly.</p>
Operational Resilience & Business Continuity	<p>Firms should carefully consider whether they have adequate operational resilience in their sanctions screening processes.</p> <p>Business continuity plans should be designed to avoid sanctions screening backlogs and, as a minimum, delays in response to sanctions designations.</p>
Don't Dismiss Low Value Payments	<p>For persons designated under the domestic counter-terrorism regime, allowing access to funds - even low value - post-designation presents a risk of reputational damage and regulatory action.</p>
Voluntary Disclosure of Breaches	<p>If a firm knows or believes it has committed a breach of financial sanctions, it should inform OFSI as soon as practicable. Voluntary disclosure may be considered a mitigating factor.</p>



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Obligations for Designated Persons' Funds / Economic Resources	<p>If in possession or control of a designated person's funds or economic resources, firms must be prepared to promptly:</p> <ul style="list-style-type: none">• Freeze them• Not deal with them or make them available unless an exception or licence applies• Report them to OFSI <p>Advance planning by ensuring sanctions procedures include these steps is essential.</p>