TIP SHEET

The Five Core Components of an Effective OFAC Sanctions Compliance Program

The Office of Financial Assets Control (OFAC) is one of the most powerful and active regulators in the world. While navigating sanctions in an ever-changing environment can be a daunting task, OFAC clearly defines what effective sanctions compliance looks like[1] to support any organization that falls under its remit. Does your program include the **five essential components** for OFAC sanctions compliance?

1. Management Commitment — OFAC expects organizations to create a "culture of compliance" that starts at the top. Senior management — including leadership, executives and the board of directors — must be aligned with the program. A dedicated OFAC sanctions compliance officer should be appointed to help ensure that personnel are dedicated to implementing the program. Sufficient resources and control functions should be allocated to the organization's compliance department to facilitate the sanctions program.

2. Risk Assessment — OFAC recommends that companies use a risk-based approach in designing and updating their sanctions control program.They should conduct a risk assessment to identify any potential compliance issues and then tailor their program to address those issues. Risk assessments should be conducted in the due diligence of customers, client relationships and transactions, including on-boarding new clients or customers. Special focus should be given to mergers and acquisitions, which often present challenges to OFAC sanctions.

3. Internal Controls — OFAC urges companies to implement policies and procedures to identify, interdict, escalate, report and keep records related to their sanctions program.

4. Testing and Auditing — OFAC suggests independent testing and auditing to evaluate the effectiveness of a company's compliance program and identify any deficiencies. The company should continually update and enhance its program including all compliance-related software, systems and technology.

5. Training — OFAC encourages organizations to provide sanctions-specific training to appropriate employees at least annually. Companies need to communicate the sanctions compliance responsibilities of each team member and hold them accountable through assessments.

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OFAC's framework defines the standard.
We help organizations execute it with confidence.

OFAC's "Framework for Compliance Commitments[2]," established standards for compliance programs that apply to businesses within many industries.

LexisNexis® Risk Solutions helps organizations operationalize OFAC's framework with data-driven insights, advanced analytics and scalable screening capabilities.

Our watchlist screening solutions can help you:

- Streamline customer and transaction screening workflows
- Ensure adherence to OFAC and other global regulatory requirements
- Balance compliance mandates with seamless customer acquisition
- Minimize false positives and operational inefficiencies
- Enhance the effectiveness of compliance and customer management processes

LexisNexis® RISK SOLUTIONS

For more information, call 800 658 5638
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[1, 2] home.treasury.gov/system/files/126/framework_ofac_cc.pdf

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