



# Sanction Risks – What you need to know as a professional firm

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Are you facing challenges in managing sanctions/  
compliance risks?

- Purpose of Sanctions.
- Types of Sanctions.
- Sanction Risks.
- Good practices for Managing Sanction Risks.



**Disclaimer:**

The content in this presentation does not amount to legal advice.

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# Purposes of Sanctions

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- Non-military actions to maintain or restore international peace.
- Prevent nuclear proliferation.
- Counter-terrorism.
- Protest against violation of treaties.
- Target perpetrators of human rights violations.
- Target serious crime like drug trafficking, arms trafficking, corruption, money laundering.
- Target malicious cyber-enabled activities.

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# Types of Sanctions

	International/ Regional		Unilateral		
Organization / Country	United Nations (UN)	European Union (EU)	United States (US)	United Kingdom (UK)	Others (Australia, Japan, Singapore, Russia etc)
Authority	UN Security Council (UNSC)	Service for Foreign Policy Instruments	Office of Foreign Assets Control (OFAC)	Foreign, Commonwealth & Development Office	Country specific.
Applies to	Member states of UN	Member states of EU	US citizens and entities	UK citizens and entities	Country specific
Targeted at	Trade ban (e.g. export controls on dual-used goods) Financial sanctions (e.g. asset freeze, movement of funds) Travel ban Aircraft and shipping sanctions * Sanction measures may apply only to designated persons or entities.				
Examples	UNSC Resolution 1718 (2006) (Democratic People's Republic of Korea)	Council Regulation (EU) No 269/2014 (Ukraine territorial integrity)	Ukraine/ Russia-related Sanctions pursuant to Executive Orders: 13662	Russia (Sanctions) (EU Exit) (Amendment) (No. 6) Regulations 2022	Monetary Authority of Singapore (MAS) Notice SNR-N01 Financial Sanctions in Relation to Russia

# Singapore's Financial Measures in relation to Russia

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- Declaration: 5 Mar 2022
- Purpose: Condemnation of violation of sovereignty, political independence, and territorial integrity of all countries, big and small. These principles are fundamental to the survival of Singapore.
- Targeted at:
  - **Export ban** on military goods, dual-use goods (electronics, computers, telecommunications and information security).
  - **Financial measures** that applies to **all financial institutions in Singapore (MAS Notice SNR-N01)**:
    - a. **Entering into transactions or establishing business relationships** with **four designated Russian banks**;
    - b. **Providing financing or financial services** in relation to the export from Singapore or any other jurisdiction of goods subjected to export ban;
    - c. **Providing financial services** in relation to **designated Russian non-bank entities** which are involved in activities in (b);
    - d. **Entering into transactions or arrangements**, or providing financial services that facilitate fund raising by:
      - the Russian government;
      - the Central Bank of the Russian Federation;
      - any entity owned or controlled by them or acting on their direction or behalf.
    - e. **Entering into transactions or providing financial services** in relation to the following **sectors**, in the breakaway regions of Donetsk and Luhansk:
      - transport;
      - telecommunications;
      - energy; and
      - prospecting, exploration and production of oil, gas and mineral resources.
    - f. **Entering into or facilitating any transactions** involving **cryptocurrencies**, to circumvent any of the above prohibitions in (a) to (e).

- Exceptions (MAS Notice SNR-N02):
  - Payments for basic expenses and reasonable fees for certain services of any Designated Bank or Designated Entity, including:
    - Insurance premiums,
    - Reasonable fees for the provision of property management services or technology-related services,
    - Remuneration of employees,
    - Tax,
    - Rent or storage services,
    - Mortgage payments,
    - Utility or telecommunication charges,
    - Expenses for compliance with regulatory requirements,
    - Fees or service charges for holding or maintenance of frozen funds, financial assets or economic resources; or
    - Reasonable professional fees and associated expenses for the provision of audit, tax, legal or payroll services.



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Do sanctions imposed by other countries affect Singapore?

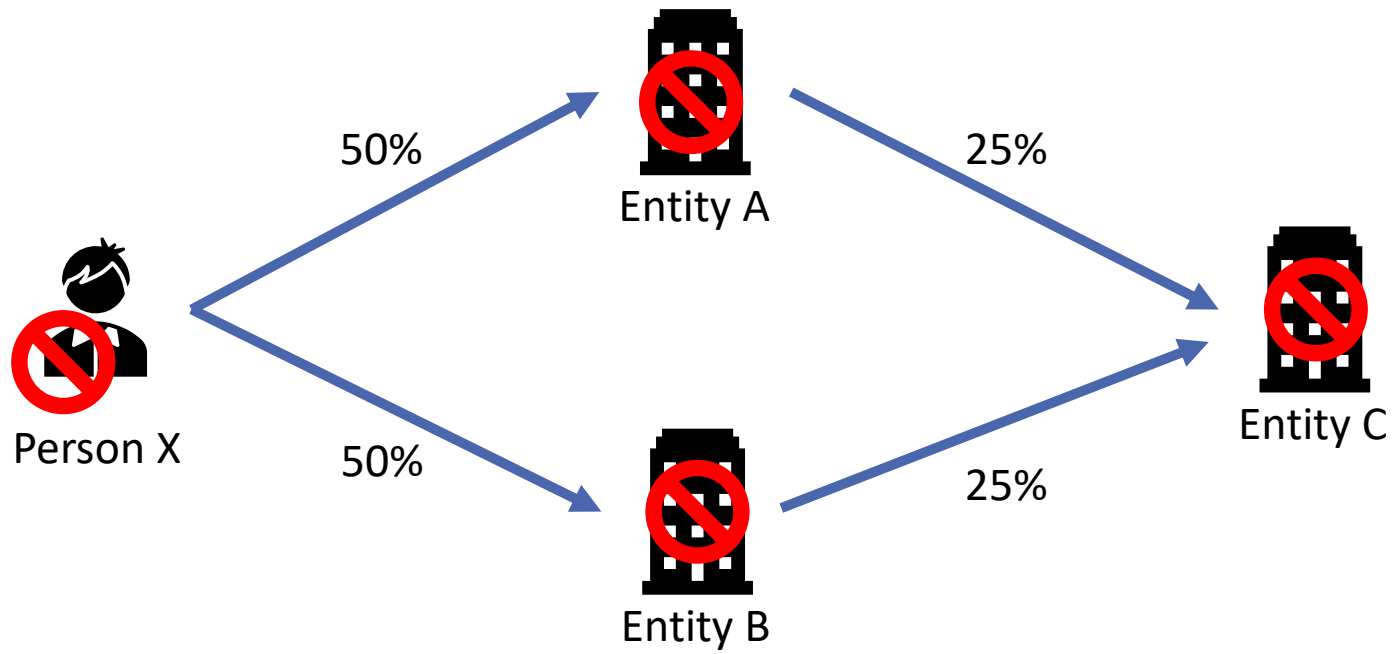


Persons whose property and interests in property are blocked pursuant to an Executive order or regulations administered by OFAC (blocked persons) are considered to have an interest in all property and interests in property of an entity in which such blocked persons own, whether individually or in the aggregate, directly or indirectly, a 50 percent or greater interest. **Consequently, any entity owned in the aggregate, directly or indirectly, 50 percent or more by one or more blocked persons is itself considered to be a blocked person.** The property and interests in property of such an entity are blocked regardless of whether the entity itself is listed in the annex to an Executive order or otherwise placed on OFAC's list of Specially Designated Nationals ("SDNs"). Accordingly, a U.S. person generally may not engage in any transactions with such an entity, unless authorized by OFAC. In certain OFAC sanctions programs (e.g., Cuba and Sudan), there is a broader category of entities whose property and interests in property are blocked based on, for example, ownership or control.



**Focus on ownership, not control.**

# OFAC 50% Rule





PRIMARY  
SANCTIONS



SECONDARY  
SANCTIONS



ANTI-SANCTIONS  
LAW

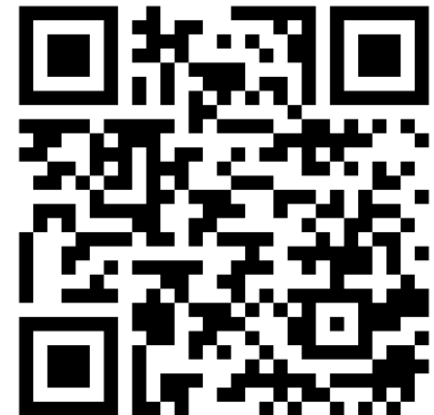
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- Sanction laws are complex.
- No one-size fits all solution.
- Review sanction risk as part of AML/CFT Internal Policies, Procedures and Controls risk assessment.
- Perform customer due diligence to cover beneficial owners and may include your customers' counter-parties.
- Clarify with local competent authority managing the sanction program.



# THANK YOU

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