



Annual Compliance Forum 2026

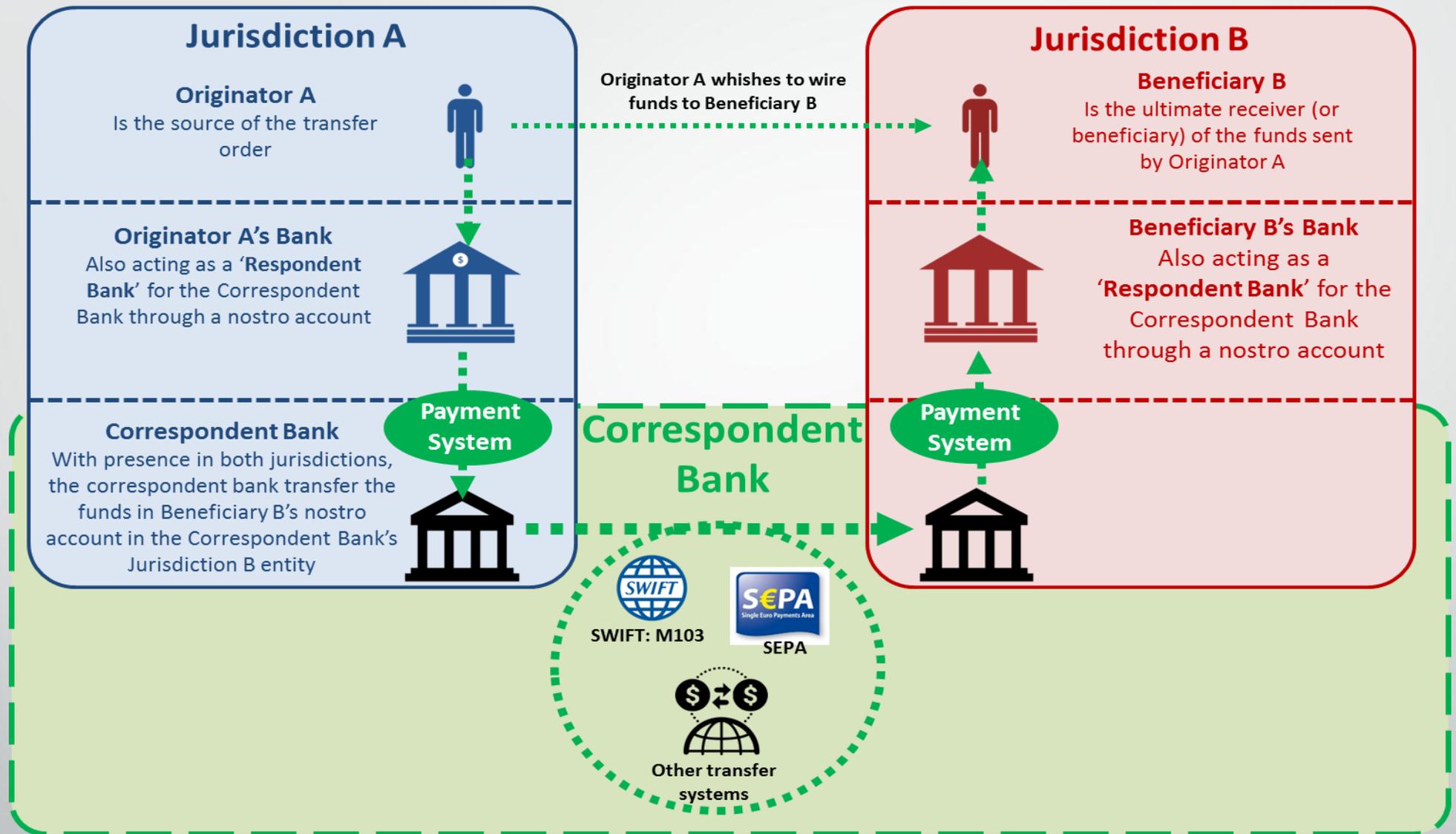
Sanctions Compliance & Cross Border Banking Challenges

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10 February 2026

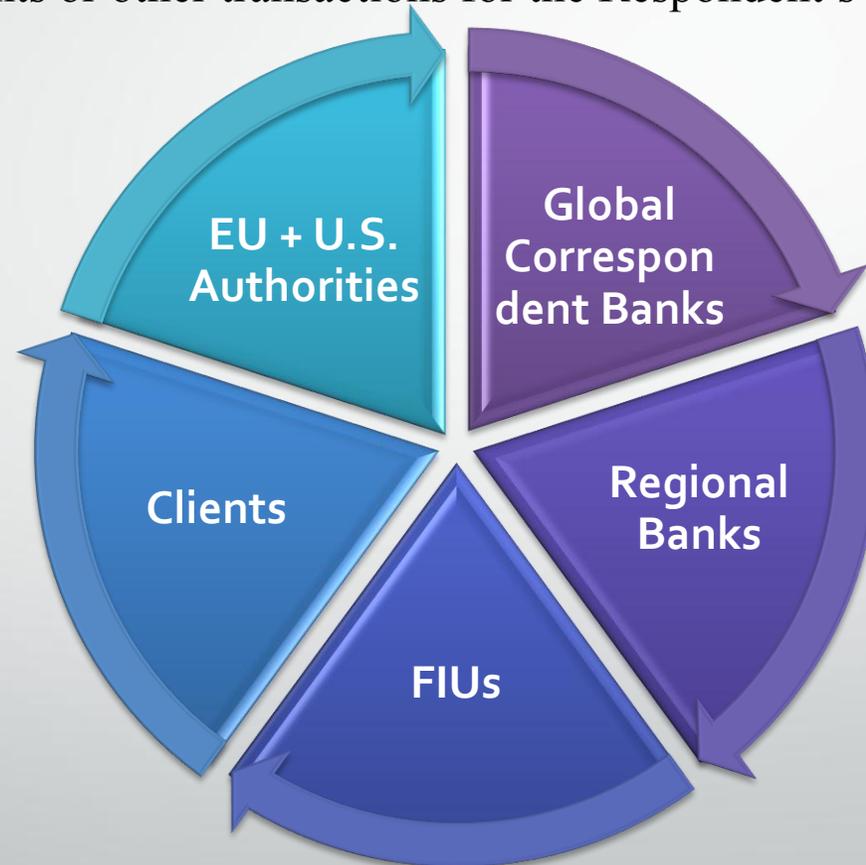
The risks associated with Correspondent Banking

- One of the main risks associated with correspondent banking is the fact that the correspondent often **has no direct relationships with the underlying parties to a transaction** and is therefore not in a position to verify their identities or conduct the necessary due diligence
- The correspondent bank has often relied on the controls and due diligence checks the respondent bank has put in place
- The correspondent bank decides to proceed with the relationship **relying on the risk framework put in place by the respondent bank**



Correspondent Banking The Globalization Effect

A Correspondent bank enables its Respondent customers to provide **their own customers with cross-border products and services**. The Correspondent is effectively acting as the Respondent's agent or conduit, executing payments or other transactions for the Respondent's customers.



US Treasury – section 311 Actions

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- Section 311 of the USA PATRIOT Act provides the Secretary with a range of options that can be adapted to target specific money laundering and terrorist financing risks most effectively: **including no access to US Market**
- These options provide the Treasury Department with a powerful and flexible regulatory tool to take actions to protect the U.S. financial system from specific threats.

Correspondent Banks Reaction

**Regulators’
increased
standards and
expectations**

**Banks are subject to
enforcement
measures**
(Monetary,
settlement, legal,
etc.)

**Duty to stay aware
of rising challenges
and trends**

**Globalization of
regulatory
standards
Technology
Innovation**

Compliance Governance

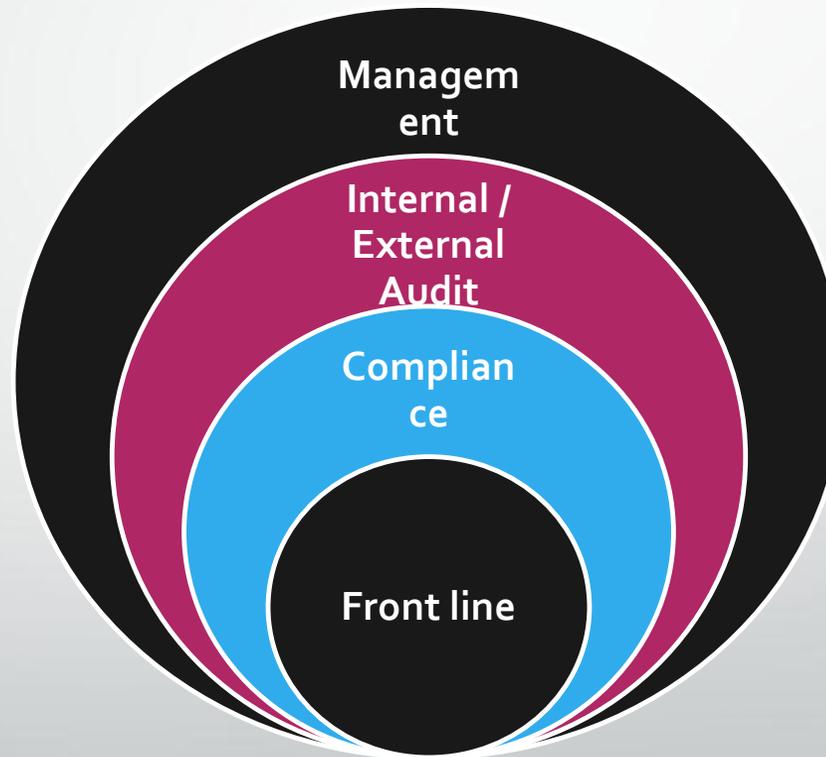
The Complementary roles

Governance and the board composition and role in today's business environment The skills needed in today's global environment driven by an ongoing development of technology/AI , Globalization and the advancement of financial crimes

The elements of an effective enterprise wide compliance program that has ongoing monitoring, testing and validation depending on current affairs locally and globally

The Travel rule

- Board Oversight & Directions
- Role of Central Bank



Four lines of defense

Reliance and completeness of roles

Establishing Correspondent Banking Risk Based Due Diligence Guidelines / Considerations

- The Respondent Bank's **Geographic Risk**
- The Respondent Bank **Ownership and Management** Structures
- The Respondent Bank's **Customer Base**
- **Products or Services** Offered to the Respondent Bank
- **Regulatory oversight standards**
- **Financial Crime Controls**
- **Customer Visit/ Enhanced Due Diligence**
- **PEP Involvement**
- **Monitoring and Reporting of suspicious activities**
- **Ongoing review of Correspondent Banking Relationships**
- **Integration with Financial Crime Compliance Program**

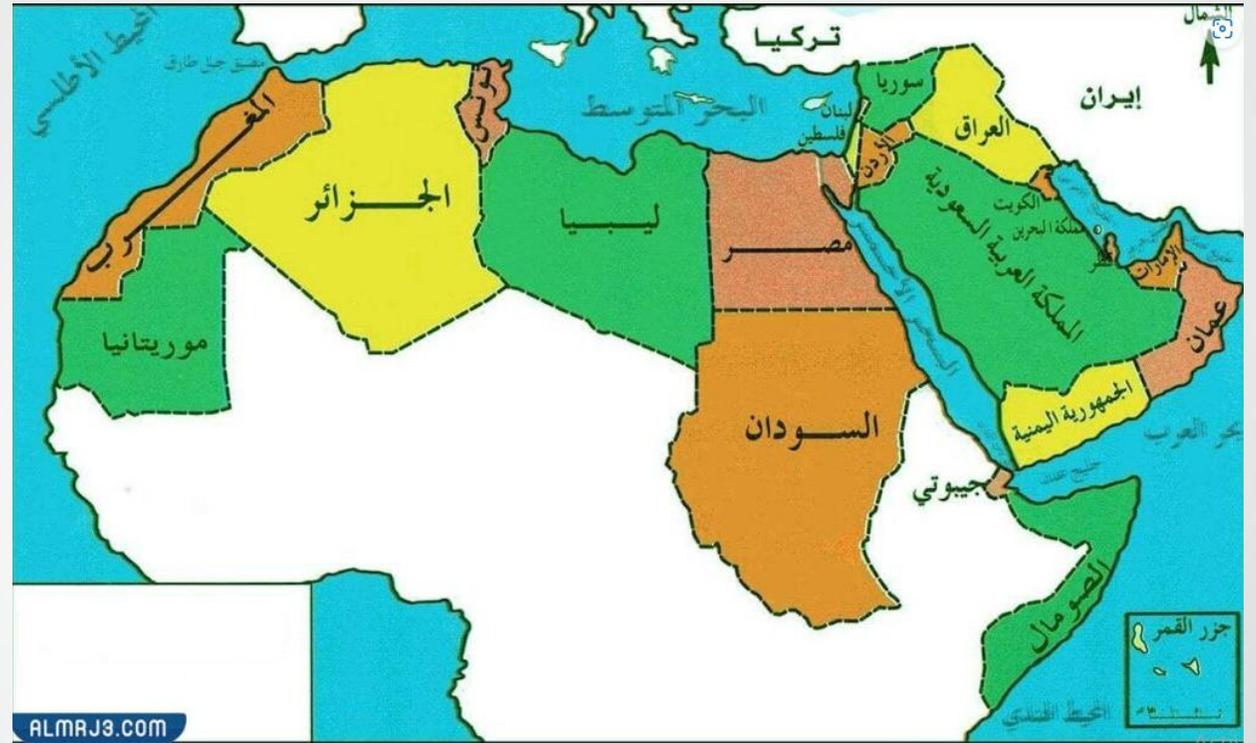
Comparing responses – Perceived drivers of the decline in CBRs

- **Rank Perceived causes/drivers³**
- 1 Overall risk appetite of foreign financial institution
- 2 Changes of legal, regulatory or supervisory requirements in foreign financial institutions' jurisdiction that have implications on maintaining CBRs (e.g., USA sanctions and FATCA)
- 3 Lack of profitability of certain CBR services/products
- 4 Concerns about money laundering/terrorism financing risks in the respondent financial institutions' national jurisdiction
- 6 Inability/cost of undertaking Customer Due Diligence (CDD) by foreign financial institutions on the respondent financial institutions' customers
- 7 Structural changes of foreign financial institutions (including merger/acquisition) and/or reorganization of business portfolio
- 8 Concerns about, or insufficient information about, the respondent financial institutions' internal controls for AML/CFT and sanctions, including CDD procedures (for AML/CFT or sanction purposes)
- 9 Quality of supervision/ regulatory requirements by foreign financial institutions
- 10 The respondent financial institutions' high-risk customer base

What are the criteria the Correspondent Bank is focusing on?

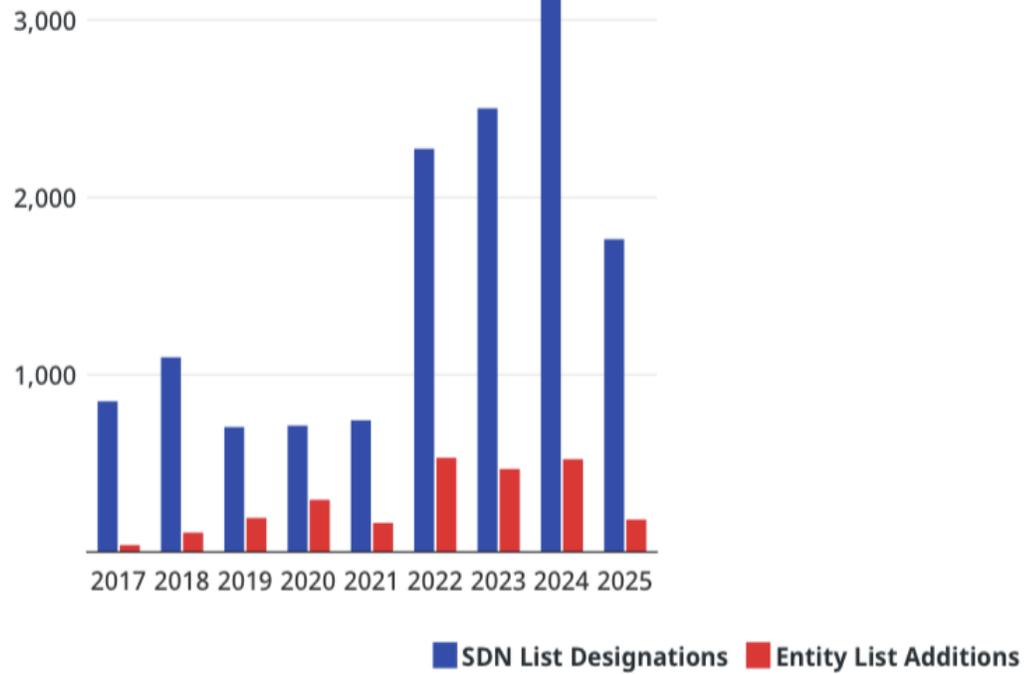
- Profitability
- Credit Risk
- Country risk of the Correspondent Bank
- Customers Risks
- Ownership
- Management
- Compliance structure
- Negative Media
- Daily dealing with the Bank regarding operations and Transparency
- Permanent Communication: honesty and transparency in line with international standards

Sanctions



1. The extraterritorial application and jurisdictional reach of sanctions authorities
2. Sanctions enforcement and challenges
3. Sanctions evasion techniques
4. How MENA financial institutions and countries can protect financial and economic relationships with sanctioning countries

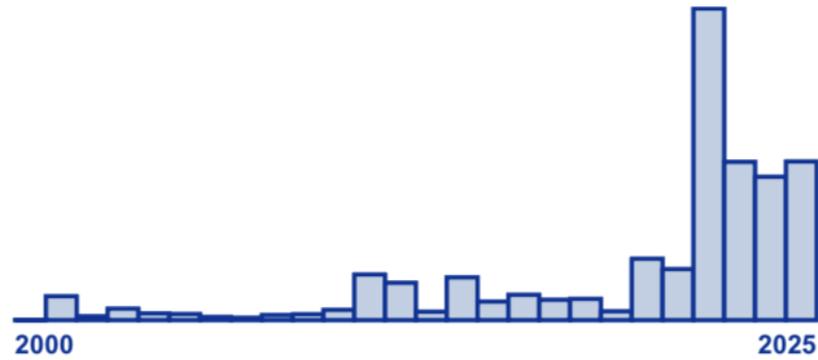
SDN List Designations and Entity List Additions 2017–2025



Source: CNAS analysis, U.S. Department of the Treasury, and U.S. Department of Commerce

Last Update: February 2026

5770 Individuals/entities

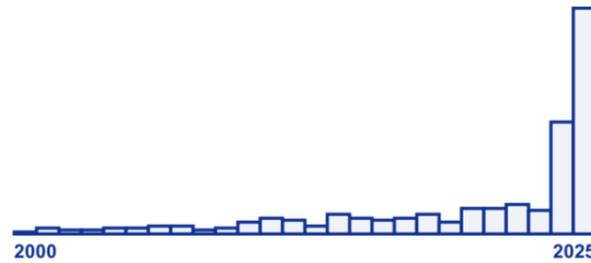


SOURCE: EUROPEAN UNION

[INFO](#)

[EXPLORE INDIVIDUALS/ENTITIES](#)

33 Sanctions Regimes

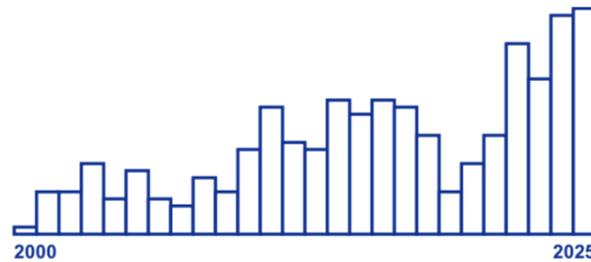


SOURCE: EUROPEAN UNION

INFO

EXPLORE SANCTIONS REGIMES

83 Nationalities



SOURCE: EUROPEAN UNION

INFO

Essential Elements of a Sanctions Compliance Program (SCP)



Sanctions Evasion: Typologies Overview

Use of Front Companies
and Shell Companies

Falsifying Documents

Domestic or Offshore
Legal Adjustments

Use of Pro-Russia or Neutral
Jurisdictions

Crypto-Currency

Primary V/S Secondary Sanctions

Primary Sanctions

- Apply to U.S. persons (U.S. citizens, permanent residents, U.S. companies, and persons in the U.S.) • Prohibit direct dealings with sanctioned targets • Enforced through civil and criminal penalties

Secondary Sanctions

- Apply to non-U.S. persons
- Do not prohibit the conduct outright
- Instead, impose consequences if the foreign person engages in certain conduct

2. Legal Authority for Secondary Sanctions

Secondary sanctions **are authorized by:**

- **Congressional statutes** (e.g., CAATSA, Iran Sanctions Act, Caesar Act (formerly)) •

Executive Orders by:

- **U.S. Treasury (OFAC)**
- **U.S. State Department**

3. How Secondary Sanctions Work in Practice:

If a foreign person engages in prohibited conduct (for example, significant transactions with a sanctioned entity), **the U.S. may:**

- **Add them to the SDN List**
- **Cut off access to the U.S. financial system** • **Prohibit U.S. banks from dealing with them** • **Deny U.S. visas to executives** • **Restrict exports or imports** • **Block correspondent or payable-through bank accounts**

For most global businesses, loss of U.S. market access is economically devastating.

4. Common Triggers for Secondary Sanctions

Secondary sanctions are often imposed for:

- Significant financial transactions with sanctioned banks
- Doing business with designated terrorist organizations
- Supporting weapons programs
- Providing material support to human rights abusers
- Engaging in energy, shipping, or construction projects with sanctioned states
- Facilitating sanctions evasion

The key statutory term is usually “significant”—evaluated case-by-case.

5. Countries Commonly Subject to Secondary Sanctions

Historically and currently:

- Iran
- North Korea
- Russia
- Syria (especially prior to recent changes)
- Certain terrorist-controlled regions

6. Why Secondary Sanctions Are So Powerful • The U.S. dollar and U.S. banking system dominate global finance • Most international transactions rely on:

- **U.S. correspondent banks**
- **Dollar clearing**
- **U.S. insurance and reinsurance**
- **Even foreign companies with no U.S. presence often comply voluntarily to avoid isolation**

This creates a strong deterrent effect beyond U.S. borders.

7. Legal and Political Controversy

Secondary sanctions are controversial because they:

- **Are viewed by some countries as extraterritorial • Can conflict with foreign laws (e.g., EU “blocking statutes”) • Raise international trade and sovereignty concerns**

Despite criticism, they are widely used because they are highly effective

Significant Support” under U.S. Secondary Sanctions

Under U.S. secondary sanctions, the concept of “significant support” (sometimes phrased as “significant financial, material, or technological support” or “significant transaction”) is the key legal threshold that allows the U.S. government to impose sanctions on non-U.S. persons for dealing with sanctioned countries, entities, or individuals.

It is intentionally flexible and case-specific, giving U.S. authorities broad discretion (POLICY DECISION).

1. What “Significant Support” Means (Core Idea)

Significant support refers to assistance by a foreign person that is important enough to meaningfully aid a sanctioned target’s activities, capabilities, or survival.

It does not require:

- Direct involvement in illegal conduct under local law
- Intent to harm the United States
- A U.S. nexus (U.S. dollars, U.S. persons, U.S. territory)

It does require that the support be more than trivial or incidental.

3. How the U.S. Determines “Significance”

There is no single numeric threshold. Instead, U.S. agencies apply a multi-factor analysis, often described in guidance and enforcement actions.

Common Factors Considered

1. Size and Value

- **Monetary amount** of the transaction
- **Economic importance to the sanctioned party**
- Nature of the Support** • **Financial services (banking, insurance)**
- **Goods, technology, or services** • **Logistics, shipping, or facilitation**

Frequency and Duration

- **One-off transaction vs. repeated dealings** • **Long-term business relationships**

Level of Awareness

- **Whether the actor knew or should have known** • **Willful blindness**

increases risk . Relationship to the Sanctioned Target • **Direct dealings vs. indirect intermediaries** • **Strategic or trusted business partner** . **Impact** •

Whether the support enhances revenue, operations, or strategic capacity •

Whether it helps the target evade sanctions

. **Sector Sensitivity** • **Energy, defense, banking, shipping, construction, dual-use goods** •

Higher scrutiny for high-risk sectors

4. Types of Conduct Commonly Deemed “Significant Support”

Examples include:

- Maintaining bank accounts for sanctioned entities
- Processing large or repeated payments
- Providing insurance or reinsurance
- Supplying machinery, technology, or spare parts
- Shipping or logistics services
- Facilitating trade through front companies
- Helping restructure transactions to avoid detection

Even lawful commercial activity under local law can qualify.

6. Consequences of Providing Significant Support

If the U.S. determines that a foreign person provided significant support, it may:

- Designate them on the SDN List
- Cut off access to U.S. correspondent banking
- Block property under U.S. jurisdiction
- Impose visa restrictions
- Restrict access to U.S. markets and exports

These consequences often lead to global de-risking, even beyond U.S. requirements.



7. Why the Standard Is Intentionally Broad

The U.S. designs the “significant support” standard to:

- Prevent easy circumvention
- Address evolving financial structures
- Create deterrence rather than rely on prosecutions
- Maintain diplomatic leverage

This flexibility is a feature, not a flaw, of secondary sanctions



De-Dollarization is not De-sanctioning

Global trade and payments have clearly changed during the last three years due to geopolitical divisions and growing sanctions regimes.

A growing number of transactions are now completed in non-dollar or euro currencies, such as the Indian rupee (INR), Chinese renminbi (RMB), UAE dirham (AED), and barter-like processes or alternative clearing arrangements.

This tendency has fueled a risky belief that shifting away from the US currency somehow lessens exposure to sanctions in many boardrooms and trade floors throughout Asia, the Middle East, and portions of Africa. It typically doesn't.

De-dollarization may alter the settlement currency, but it does not remove the risk vectors, enforcement power, or jurisdictional reach of contemporary sanctions.

In certain situations, it may potentially raise the risk of noncompliance by generating blind

The current status of U.S. sanctions on Syria as of early 2026

1. On June 30, 2025, the U.S. President signed an Executive Order terminating the broader Syria sanctions program, effective July 1, 2025. This revoked the longstanding legal basis of broad economic sanctions against Syria.

□ 2. Some sanctions and restrictions still remain

Even though the main sanctions program ended:

- The U.S. continues to target specific individuals and entities—such as remnants of the Assad regime, human rights abusers, Captagon traffickers, ISIS/Al-Qa’ida affiliates, and foreign actors like Iran and its proxies.
- Export controls administered by the U.S. Commerce Department (especially on high-technology items) are still in effect, so certain goods still require licenses or remain restricted.

3. Repeal of the Caesar Syria Civilian Protection Act • basis for Syria sanctions.

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- 4. Political and diplomatic context

- The U.S. and Syrian authorities have re-established formal engagement, and the U.S. has delisted some Syrian leaders from terrorism-related sanctions lists ahead of diplomatic meetings.

- 5. Conditions and future reversal risks • Some U.S. lawmakers have signaled that sanctions relief could be reinstated if conditions in Syria deteriorate, especially around human rights and minority protections.

- The situation remains politically dynamic, and policy can shift based on developments in Syria or U.S. domestic politics.



Thank You