



AML - due diligence on assets SANCTIONED SECURITIES SCREENING

efa's sanctioned securities screening solution is intended to:

- · Asset managers,
- Management companies / AIFMs,
- · Depositary banks,
- Insurance companies.

Compliance with sanctions is a major concern for investment fund managers and regulators alike. Each breach of sanctions, no matter how small, is still a potential breach of the law, with potential financial and reputational risks.

It is extremely difficult for a financial institution to gather the relevant data and carry out regular checks on its portfolio in order to identify securities linked to a sanctioned entity or activity or a sanctioned beneficial owner.

efa offers to its clients a sanctioned securities screening solution that solves this challenge for investments in listed securities.

The Luxembourg Law of 19 December 2020 on the implementation of restrictive measures in financial matters and prohibiting financing states, natural and legal persons, entities or groups that are subject to restrictive measures in financial matters apply to all financial institutions including investment funds.

The CSSF Circular 18/698 art. 309 also reaffirms the obligation for Luxembourg investment fund managers (ManCos and AIFMs) to "apply due diligence measures on the assets of the UCIs it manages". The findings of such due diligence obligations shall be published on a yearly basis and submitted to the CSSF.

Depositary banks shall as well ensure, as part of their oversight duties, that funds invest in securities in compliance with applicable laws and regulations as well as in compliance with their articles of incorporation.

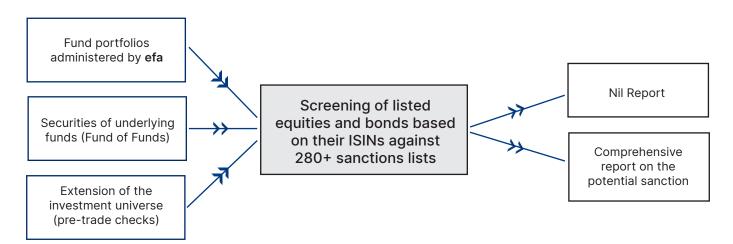
A COMPLETE AND READY-TO-USE SERVICE

After each fund valuation, **efa** is screening listed equities and bonds in fund portfolios administered by **efa** against sanctions lists. The tool **efa** is using is screening portfolio against lists of issuers and securities linked to sanctioned domiciles, companies and individuals or at high risk of being sanctioned: explicit, implicit and sectoral sanctions are covered.

The screening may be extended to pre-trade checks as well as to the underlying securities of funds invested in by fund of funds.

Following each screening, **efa** is reporting to its clients either with a Nil Report or with a detailed report on the sanctioned security detected enabling the investment manager to take an informed decision: include or keep the security in its portfolio or investment universe or divest

The screening reports may be included in the existing investment compliance reports: all controls and alerts are available at a glance.





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A SERVICE SUPPORTED BY A POWERFUL TOOL AND DATABASE

To provide a cutting edge service, **efa** leverages on a screening platform developed by a specialised and renowned data vendor in the field of AML/CTF controls and sanctions screening.

- All major sanctions lists are monitored and covered on an ongoing basis (280+ lists),
- All types of sanctions i.e. sectoral, explicit and implicit sanctions are considered,
- 100% coverage of explicit sanctions,

- Coverage of sanctioned securities of financial instruments issued by sanctioned entities (ISIN/CUSIP/SEDOL).
- External assurance with ISAE 3000 audit of the provider on an annual basis.

The screening platform is also providing an audit trail that might be used as a proof of due diligence.

KEY BENEFITS OF THE SERVICE

- · A turnkey regulatory solution with no installation or development required on the Client side,
- Powerful screening engine with updated sanctions lists and comprehensive data on sanctioned companies and individuals.
- efa is handling the whole screening and reporting process,
- Ongoing screening performed after each fund valuation,
- Complete solution covering all asset managers' needs including possible pre-trade checks and screening of indirect investments through third party funds,
- · Screening results seamlessly communicated: all controls and alerts are available at a glance.
- Comprehensive solution enabling informed investment or divestment decisions
- · Cost efficient solution

At the end of Q1 2022 there were a total of more than 52,000 explicit sanctions across more than 280 sanction programs, showing an increase of almost 250% since September 2017.



CONTACTS



