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23 May 2019

Financial Crime Screening Fircosoft vision for 2019 and beyond

Sophie Lagouanelle
VP Financial Crime Screening



accuity.com

Agenda

- 1 Current state
- 2 What is new
- 3 Our new assets
- 4 Where will we take you
- 5 Conclusion

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Fircosoft vision for 2019 and beyond

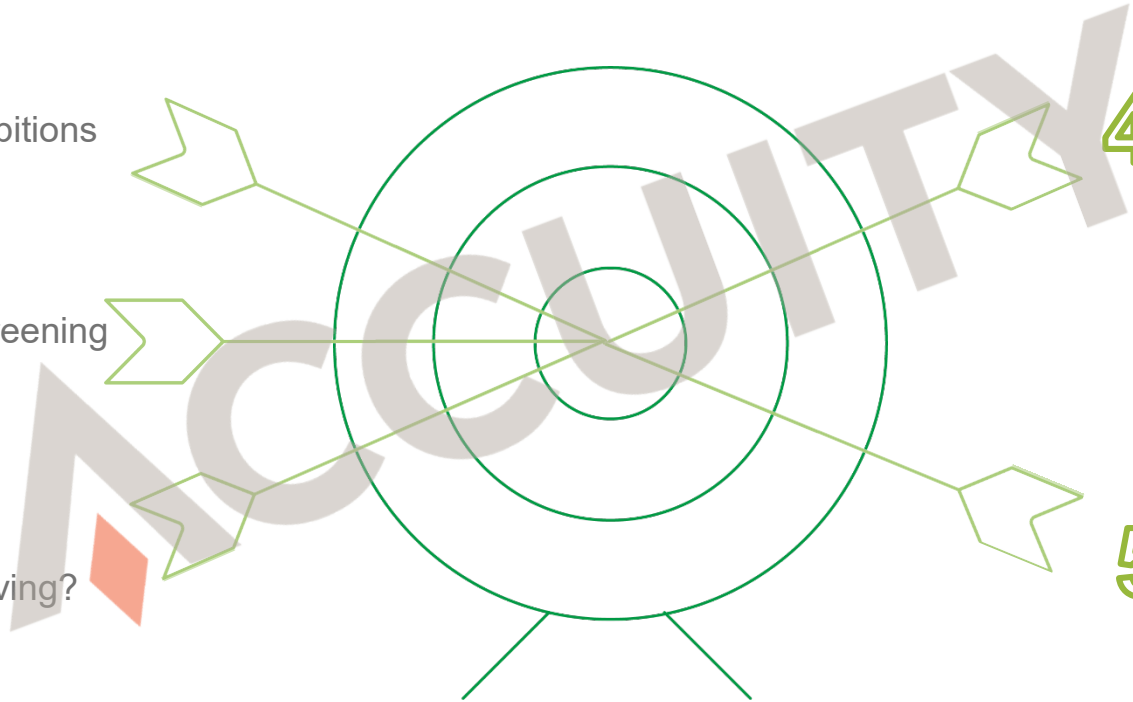
1 Fircosoft Ambitions

2 Trends in screening compliance

3 How is the industry moving?

4 Where will we go next?

5 In summary what to expect from Fircosoft



Where Fircosoft portfolio fits at Accuity



We are detection specialists for Financial Crime

You trust Fircosoft because



You want best
of breed



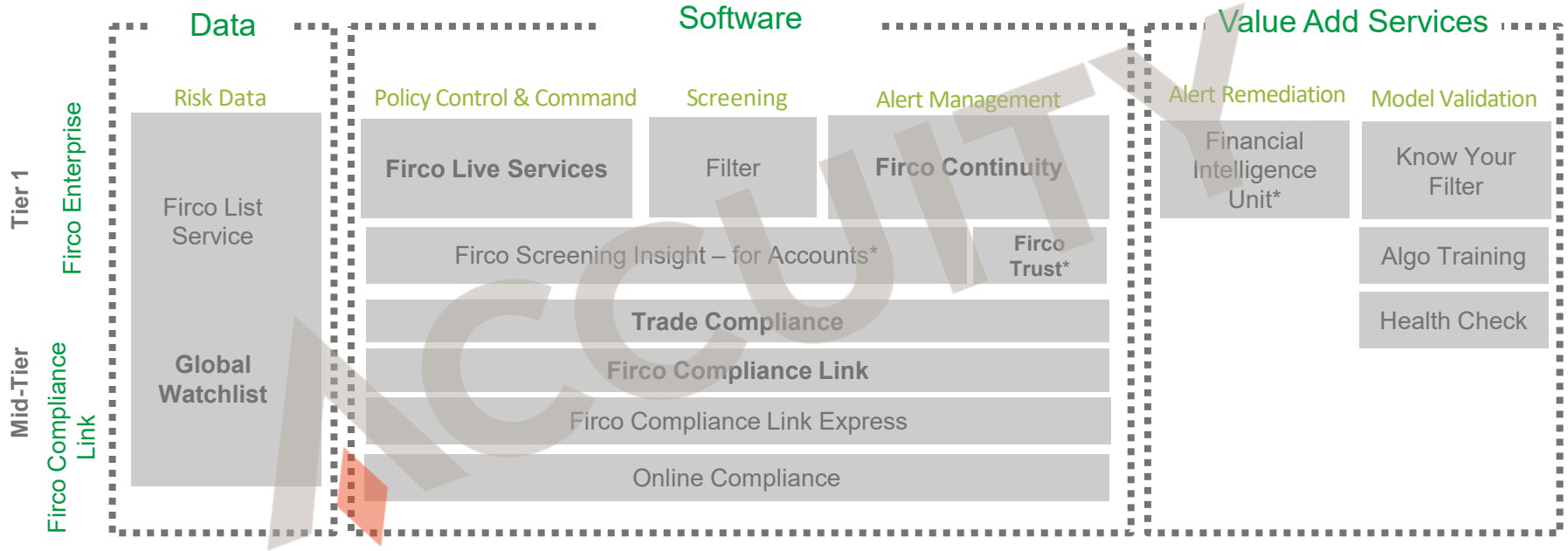
Belong to a
community



You need
to be safe

Regulators & Correspondents trust Fircosoft

Fircosoft's current portfolio

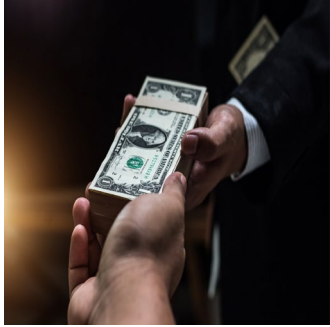


Specialized solutions for regulated businesses required to detect entities with higher financial crime risk

* Now Powered by



Currently we are real time detectors of:



Corruption risk



Human trafficking



Financing
terrorism



Weapons of
mass destruction

Profleration via
international
trade



Financial
sanctions
programs breach

**We understand the balance
between compliance risk and operational risk**

Our ambition

Be ~~A~~ **THE**
trusted regtech
partner for
financial crime
screening

Fircosoft portfolio

- 3E: Effective, Efficient and Explainable
- Based on deep domain expertise
- Suited for all players
- Customer driven roadmap
- Pioneering
- Covering all screening requirements
- **Reliable and predictable**
- **Market standard**
- **Breadth and depth of detection types**

Trends in screening compliance

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Regulators and auditors ask for proof of compliance & control

NEW YORK
PART 504
regulation



Regulation spans wider



Alternative payments

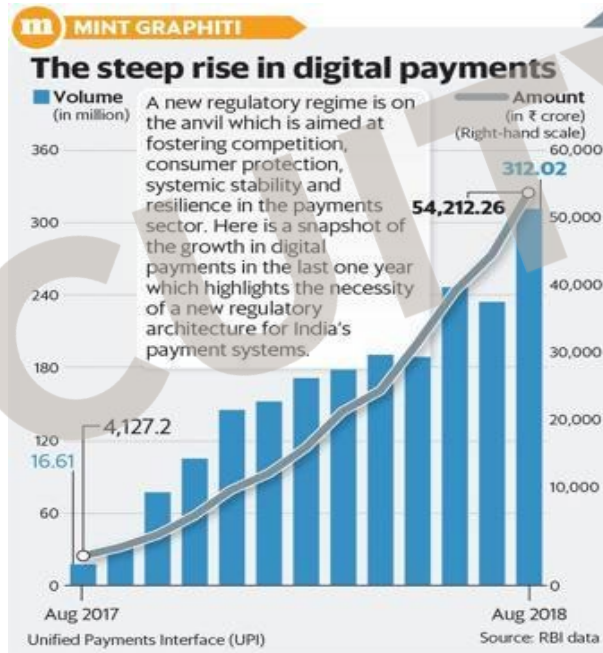


Crypto currency platforms

Alternative payment providers: fintech PSPs enter regulated land

“Having an independent regulator means that the fin-tech industry is being recognized and acknowledged as an important part of the economy,”

- Sampad Swain, CEO and co-founder, Instamojo, an online payments solution provider.



<https://www.livemint.com/Politics/eJpIOzG7JfQzrzseb4Kbl/How-payments-ecosystem-may-be-regulated-in-India.html>
September 2018

Virtual currency exchangers have started to be fined

“It should not come as a surprise that we will take enforcement action based on what we have publicly stated since our March 2013 Guidance—that exchangers of convertible virtual currency, such as Mr. Powers, are money transmitters and must register as MSBs.

FinCEN Director Kenneth A. Blanco. Apr 18, 2019



FinCEN Penalizes Peer-to-Peer Virtual Currency Exchanger for Violations of Anti-Money Laundering Laws

Immediate Release: April 18, 2019

WASHINGTON—The Financial Crimes Enforcement Network (FinCEN) has assessed a [civil money penalty](#) against Eric Powers for willfully violating the Bank Secrecy Act’s (BSA) registration, program, and reporting requirements. Mr. Powers failed to register as a money services business (MSB), had no written policies or procedures for ensuring compliance with the BSA, and failed to report suspicious transactions and currency transactions.

Mr. Powers operated as a peer-to-peer exchanger of convertible virtual currency. As “money transmitters,” peer-to-peer exchangers are required to comply with the BSA obligations that apply to MSBs, including registering with FinCEN; developing, implementing, and maintaining an effective AML program; filing Suspicious Activity Reports (SARs) and Currency Transaction Reports (CTRs); and maintaining certain records.

“Obligations under the BSA apply to money transmitters regardless of their size,” said FinCEN Director Kenneth A. Blanco. “It should not come as a surprise that we will take enforcement action based on what we have publicly stated since our March 2013 Guidance—that exchangers of convertible virtual currency, such as Mr. Powers, are money transmitters and must register as MSBs. In fact, there were indications that Mr. Powers specifically was aware of these obligations, but willfully failed to honor them. Such failures put our financial system and national security at risk and jeopardize the safety and well-being of our people, as well as undercut responsible innovation in the financial services space.”



Regulator pressure has been growing on trade compliance



OFAC pressing for firms to comply with trade compliance regulations

Tom Winter @Tom_Winter

BREAKING / NBC News: Federal prosecutors and the FBI in New York have announced the seizure of North Korean vessel "Wise Honest" for transporting coal from North Korea in exchange for cash, a violation of U.S. and international sanctions, court documents show.

Story to come...

307 Retweets 388 Likes

Tom Winter @Tom_Winter · 14h
FULL STORY with more details

MARITIME FIRST
Nigeria's Foremost Maritime News Website

L.T. COAST
Towage • Mooring
...taking marine

U.S. Sanctions Six More North Korean Ships

Maritime First · January 25, 2018

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WIGGIN
WIGGIN AND DANA

PEOPLE SERVICES

INTERNATIONAL TRADE COMPLIANCE

OVERVIEW EXPERIENCE NEWS PUBLICATIONS EVENTS PEOPLE

PUBLICATIONS

Continuing Focus on Maritime Compliance, OFAC Settles with Shipbroker

May 6, 2019

Overview

On May 2, 2019, the Office of Foreign Assets Control ("OFAC") announced an \$871,837 settlement with MID-SHIP Group LLC ("MID-SHIP"), a New York shipbroker, for five apparent violations of the Weapons of Mass Destruction Proliferators Sanctions Regulations. The apparent violations occurred in 2011, when, as a result of agreements entered into by foreign subsidiaries, the company processed, through its U.S. offices and

U.S. seizes North Korean ship suspected of violating U.N. sanctions
The 17,000-ton freighter, called the Wise Honest, was stopped in Indonesia last year after it was found to be carrying coal.
nbcnews.com

Data protection regulation



Significant increase in volumes to be screened

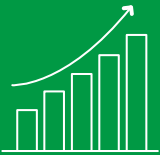
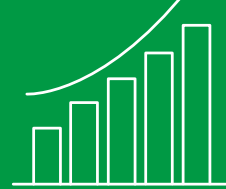
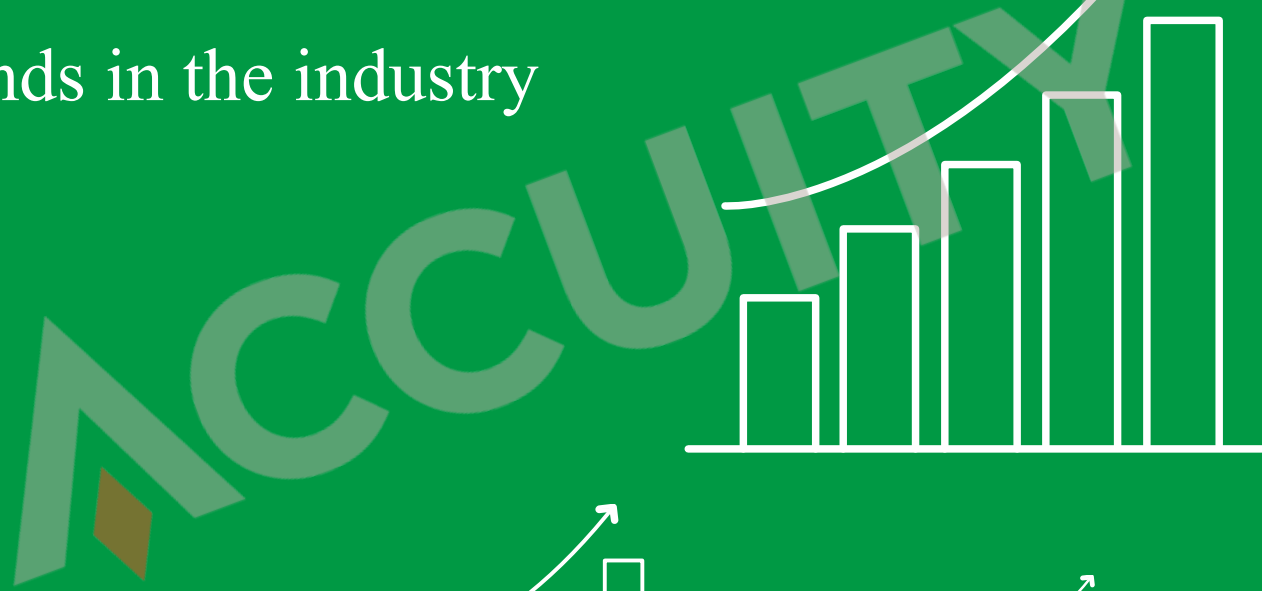
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Moving towards an interoperable ecosystem



“Monetary Authority of Singapore is very vocal about encouraging financial institutions to adopt APIs as a key foundation layer for innovation and interoperability”
FINTECH Singapore 2017

Other trends in the industry



Financial institutions centralize screening in hubs



How real-time is real time?



Instant payments

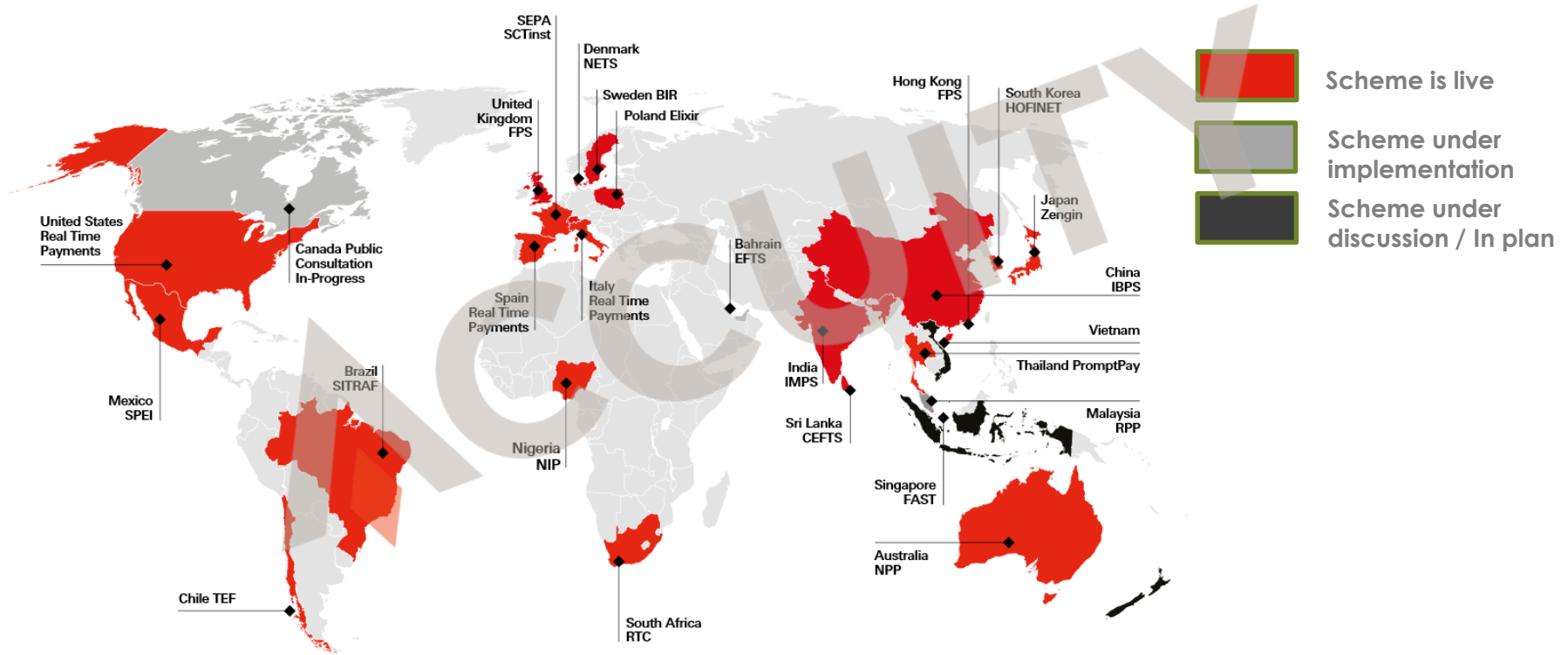


“...Real-time payments are expected to be the new standard, the instant payment architecture needs to demonstrate both agility and scalability”.

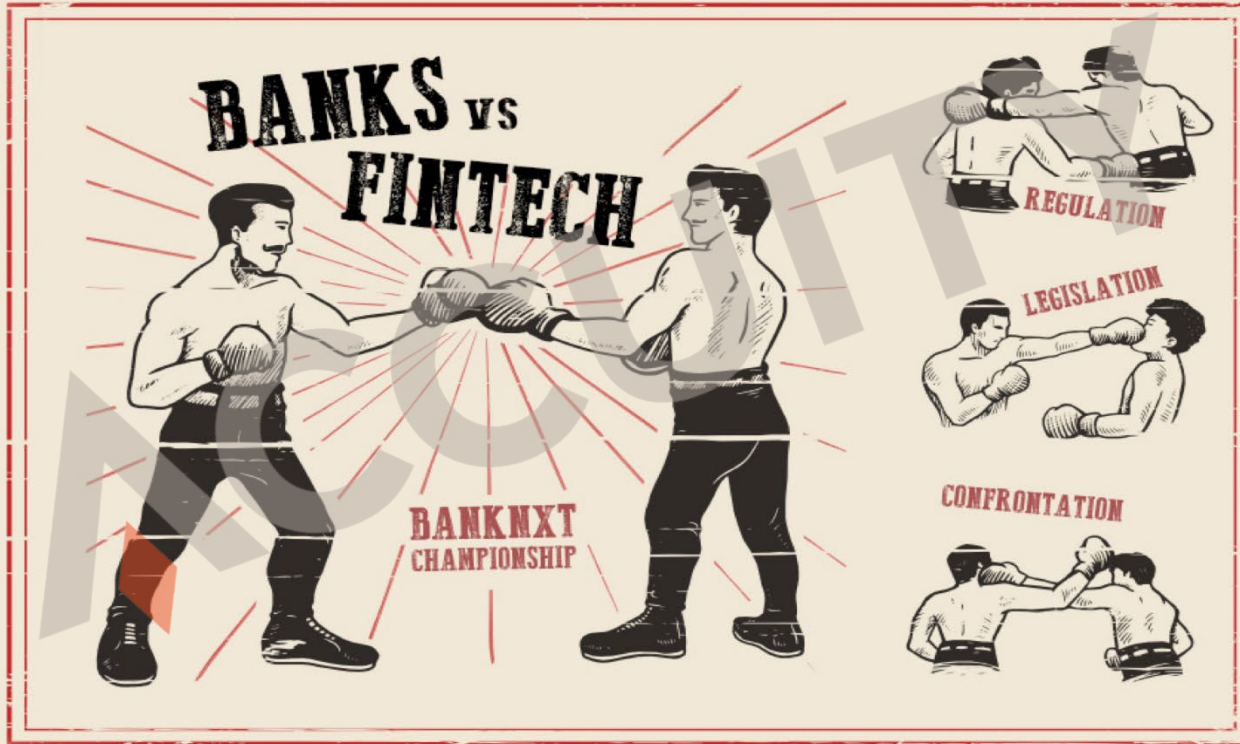
“...the emergence of instant payment along with the entry into force of PSD2 and the trend toward Open Banking is leading PSPs, and especially traditional credit institutions, to make major changes to their payment architecture”.

<https://www2.deloitte.com/content/dam/Deloitte/lu/Documents/technology/lu-instant-payments.pdf>

Instant payments schemes go global



Banks vs Fintech – enemies or allies?



“Trusted fintech firms are offering banks the chance to **reap the benefits from technical applications** that can lead to more revenue making opportunities, **without taking the large risk** of banks taking the step into the unknown alone.”
Finance Monthly, April 2018

Digital payments are opportunities for collaboration



Every player is regulated



They need to be fast



And avoid duplicate costs

Reach scale while keeping data security

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Data analytics to dramatically improve accuracy of detection



A new set of stakeholders



Regulator / Auditor
Compliance focus



Financial Officer
Financial efficiency focus



Jane Doe
End customer satisfaction!

As experts of detection
where will we take you?

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We will provide explainability by design

Transparency in Firco Compliance
[link](#)
V6 Firco Continuity Solution

Know Your Filter

We will help you meet the speed challenge

Instant Screening

We will leverage analytics to increase effectiveness, efficiency and explainability

Powered by SBS Technology

We will move towards unique standards

API

Latest APIs and Mapping Tech

We Will Focus on Trade Compliance



Firco Trade Compliance

We will secure and optimize screening inputs



Management of worklists



Business rules



Data optimization

Firco Live Services

Data Services

We will go beyond name matching

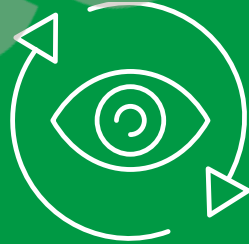
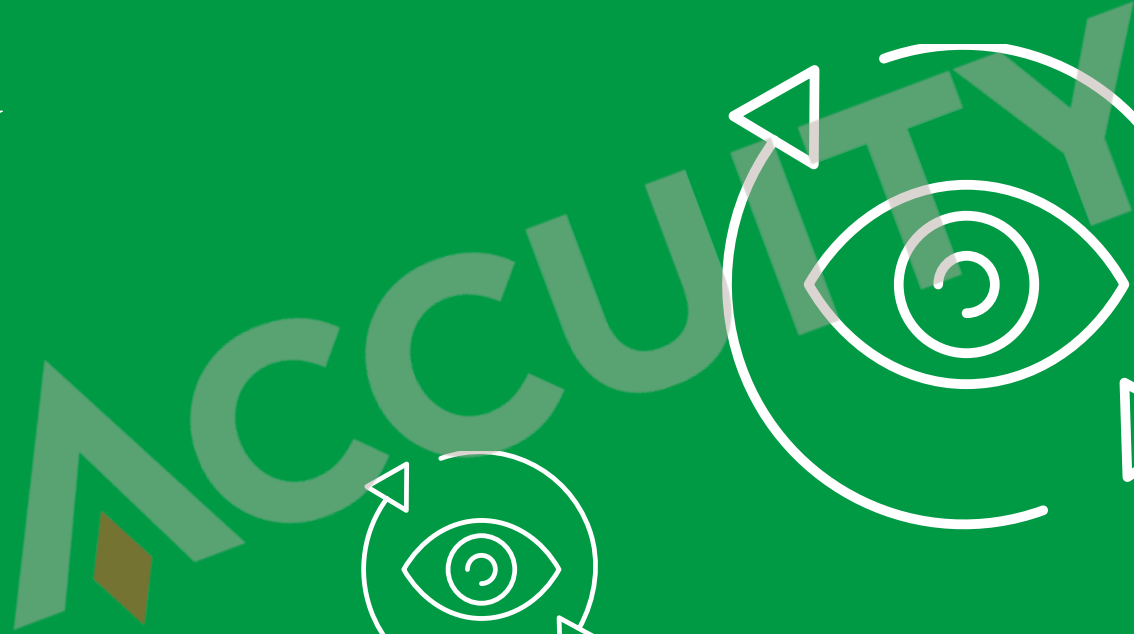


Entity Resolution

We will expand detection to new red flags

AML Detection - Transaction Advanced Analytics

Summary



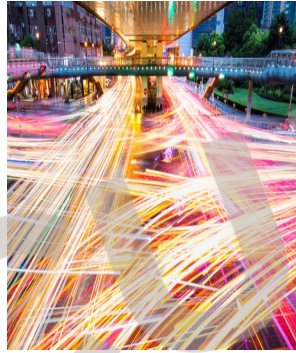
The future of Fircosoft, 2019 and beyond



Ease of integration



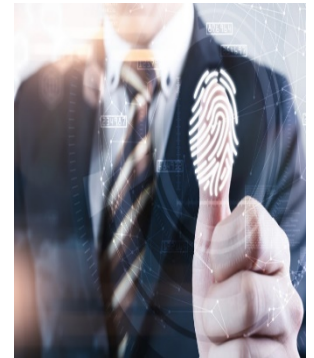
Excellence of detection



Instant speed of processing



AI and advanced analytics



Entity resolution (network)

Across all financial crime screening

We deliver excellence in Financial Crime Screening



Effectiveness



Efficiency



Explainability

across all screening

Fircosoft

Detection Specialists for Financial Crime

Thank you for your attention

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