

RDC Default - CVIP for Persons - 2012 -Qtr1 - Circa 01/01/2012

This document is for use to ensure reasonable consistency of assessment of adverse news between regions. It is intended for use as a <b>general guide only</b> in order to support the decision process																	
Adverse Information (A.I.) Assessment Grid		Underlying Wrongdoing															
		AML/CTF Matters*	Tax evasion (actual or facilitation of)	Sanctions & embargoes	Bribery & Corruption (e.g. graft, kickbacks, embezzlement)	Wrong Doing at board/senior level	Fraud (Securities, conspiracy to commit fraud)	Deficiencies in Fin Crime Compliance Program, internal controls	Market abuse inc. Insider Trading	Market manipulation, price fixing, or rate rigging	Mis-selling	Implications to reputational risk, CSR concerns, or major financial impact of a firm**	Administrative violations such as Record Keeping Violations	Other regulatory breaches including internal control failures***	Domestic Matters****		
Nature of Actions & Information Source	Criminal Conviction	2nd line: KYI Group Mgr Send to MLRO if new A.I. cc: Compliance				2nd line: KYI Group Mgr Send to MLRO if new A.I. cc: Compliance				2nd line: KYI Group Mgr Send to MLRO if new A.I. cc: Compliance		2nd line: KYI Group Mgr		4 eyes			
	Open criminal investigation																
	Open enforcement actions or other regulatory actions in rules of law jurisdictions																
	Criminal settlements / penalties																
	Criminal charges	2nd line: KYI Group Mgr Send to MLRO if new A.I. cc: Compliance															
	Significant Civil penalties or fines, and/or disgorgements as per jurisdiction reference scale																
	Single or repeated allegations from reputable media sources															4 eyes	
	Open civil investigation																
	Repeated accusations from reputable investigative journalism sources, opinion editorials	2nd line: KYI Group Mgr Send to MLRO if new A.I. cc: Compliance															
Lower Civil penalties or fines, and/or disgorgements as per jurisdiction reference scale	4 eyes																
Investigations, charges or settlements from other jurisdictions																4 eyes	
Isolated allegations NOT from reputable sources	4 eyes																
Speculation			4 eyes														
Dismissal of charges or Exoneration by credible judicial system	4 eyes																
<i>*May include drug / human trafficking/ arms / cartel **CSR/Reputational risk: it is recognised that CSR and reputational issues may not specifically be financial crime in nature (though in some cases it is, such as certain defence and security issues). However where not specifically financial crime, it has been determined that such issues should continue to be referred to local compliance for review. This is unless other appropriate escalation channels exist locally for such issues (e.g. direct to a CSR team). ***This is with reference to fines, penalties and findings relating to Competition, Intellectual Property, and internal control or supervisory failings not otherwise captured by "deficiencies in Fin Crime compliance program". ****Domestic Matters: This is with reference to other civil, social labour disputes or criminal matters relating to connected persons that are not specifically financial crime in nature but could otherwise cast material doubt on the integrity of an individual. May include wrong doing at junior level</i>																	
	Mitigating / Aggravating Factors		<b>Non exhaustive list of potentially mitigating / aggravating factors dependent on the case:</b>  <b>Information Stage:</b> rumor < allegation < accusation < investigation or allegations / accusations not followed by formal investigations  <b>Provenance of the information:</b> less reputable sources versus reputable sources or large number of reputable economic / financial media sources  <b>Underlying breach or wrong doing</b> <ul style="list-style-type: none"><li>• The underlying wrongdoing is understood to be an isolated case, as opposed to a repeating and/or systemic issue .</li><li>• The underlying wrongdoing appears limited to low ranking employees only, as opposed to at board or senior level (or under their direction) with a significant influence over key decisions, or (UBO versus SMO)</li><li>• The size and scale of illicit activity is limited, for example local geographical spread, low alleged value, low value and volume of transactions (as opposed to say large scale, high volume/value schemes), only addressed at local authorities level</li><li>• Absence of clear intent to violate laws/regulations (as opposed to blatant intent to knowingly violate or circumvent laws or governance).</li><li>• The underlying wrongdoing has no bearing on its current business operations.</li><li>• The investigation has targeted a specific branch or affiliate (sister entity) that is entirely separate from the client from a governance standpoint. The entity tied to the wrongdoing does not infringe on the client's operations or has an influence on its executive management board.</li></ul> versus repeated and recurring breaches of duty suggesting weak governance, oversight, or poor internal control framework or large number of regulatory authorities looking into this or persons involved hold positions with significant influence over key decisions and company's strategies  <b>Client Remediation actions implemented or voluntary reports:</b> <ul style="list-style-type: none"><li>• improvements to its internal controls and/or compliance culture, implemented additional controls, or enhancements to applicable policies and procedures to prevent future occurrences, enhanced training.</li><li>• The client has voluntarily reported the wrongdoing and has cooperated with the ongoing investigation.</li><li>• The company has dismissed, terminated or sued the individual(s) involved in the wrongdoing. The company has changed its management team.</li></ul> <b>Outcomes:</b> <ul style="list-style-type: none"><li>• The fines associated with the underlying wrongdoing appear to be de minimus in relation to administrative breaches that are not indicative of AML / CTF activities or related predicate offense</li><li>• The fines / allegations appear to be indicative of the regulatory environment the client operates within.</li><li>• The investigation / settlement appear to be an isolated event whereby the client has implemented remedial actions and has not committed additional breaches.</li></ul> versus repeated convictions, or adverse information in the form of patterns or trends, even if no conviction due to a lack of evidence  <b>Client Profile:</b> <ul style="list-style-type: none"><li>• There is a transparency of top management relationships between client and BNPP, / longevity of top management relationships</li><li>• The client operates as a regulated financial institution operating in an industry that is subject to state and federal oversight.</li><li>• The client operates as a large, multinational corporation / financial institution and is subject to federal regulations.</li><li>• The products transacted between BNPP and the client are ringfenced e.g., language in contracts / credit facilities protecting BNPP)</li><li>• The client has an established relationship with BNPP, and is located in a low sensitive jurisdiction.</li></ul> versus client operating in a regulated FI, or in industry subject to regular oversight but in a country identified as having weak or poor monitoring such as FATF blacklist or Grey list  <b>Timescales:</b> <ul style="list-style-type: none"><li>• The underlying conduct, and/or subsequent investigation and penalties are now reasonably historic.</li></ul>														
Other considerations			<b>Other considerations when assessing the adverse information:</b> 1. The credibility of the source of information and its likely accuracy (e.g. direct from regulatory authorities such as DoJ, SFO, investigative journalists, international news sources etc). 2. The rule of law, political situation and judicial system within the jurisdiction concerned 3. When considering the dates of the adverse news, consideration should be given to date of actual conduct, the dates of investigations, as well as the breaking of the news etc which could vary significantly 4. To what degree does the adverse information present additional risk to BNP as a result of the specific BNP products and services used or requested by the client? [e.g. a) government entity with embezzlement history where client requests a loan b) export control violations where BNP providing trade finance c) bank with AML/CTF control failings where BNP provides correspondent banking services d) AI relates to "suspicious wire payments" but BNP does/doesn't provide cash management]														
Potential outcomes in relation to the Client Relationship			<b>Potential outcomes dependent on the nature of the assessment:</b> 1. Deemed adequate mitigation in place 2. Enhanced ongoing monitoring of adverse news required - this would generally be required when investigations are known to be starting and monitoring would be required until formal outcome is made public - 3. Look back on past transactions and Enhanced ongoing monitoring of account activity 4. Inclusion of further EDD measures such as review of client AML/CTF/ABAC policies procedures etc 4. Targeted payment/activity review dependent on specifics of the adverse news. 5. Restriction of certain products dependent on specifics of the adverse news 6. Client exit														

	Highly Material
	Significantly Material
	Material
	Moderately Material
	Precautionary
	Closed matter
	Non-Relevant

- Only for Ongoing Adverse Media Screening  
- Only for new alerts (different from onboarding and recertification)