



Internal Compliance Program – Series (18) – Transaction screening

In terms of operational implementation, transaction screening is the most critical element of an Internal Compliance Program (ICP). This element contains the company's internal measures to ensure that no transaction is made without the required license or in breach of any relevant trade restriction or prohibition.

The transaction screening procedures collect and analyse relevant information concerning item classification, transaction risk assessment, license determination and application, and post-licensing controls.

Transaction screening measures also allow the company to develop and maintain a certain standard of care for handling suspicious enquiries or orders.

To prepare this core chapter of your company's ICP, you should review and document accordingly:

- how you are dealing with Item classification, for goods, software and technology, with regard to export control lists;
- how your company is doing checks on trade-related embargoed, sanctioned or sensitive destinations and entities;
- how you are integrating customer due diligence in your daily operations;
- if and how you are screening stated end-use and involved parties;
- how you are assessing diversion risk screening, meaning the possible misuse of your dual-use items in the context of e.g. conventional military or WMD proliferation;
- the way you are managing catch-all controls for non-listed dual-use items;
- how all relevant employees have been rendered attentive to and verify possible red flags relating to suspicious customer enquiries;
- the process you have in place to determine license requirements and licence application as appropriate, including for brokering, technical assistance and transit activities; and
- how you are implementing and keeping records of post-licencing controls, including shipment control and compliance with the conditions of the authorisation;
- the internal process you have in place for keeping export control records and documentation safe and accessible.

All these points (further developments hereunder to follow) will have to be integrated into your ICP, in order to demonstrate to licensing authorities that you have correctly assessed your export control risks and have appropriate internal proceedings in place to manage those risks.

