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The Compliance Bridge

A weekly briefing on the regulatory developments shaping compliance across Lebanon, the Gulf and beyond.

THIS WEEK'S DEVELOPMENTS

01 OFAC Warns Foreign Banks Still Serving Iran's Financial Sector

On 5 October 2026, OFAC published an alert, "Notice to Foreign Financial Institutions Conducting Business with Iran," warning that institutions maintaining relationships with sanctioned Iranian banks – including their branches and subsidiaries abroad – could be designated at any time without notice under Operation Economic Outcast. It cites Treasury's 28 August 2026 move cutting the UAE branches of Egypt's Banque Misr from U.S. correspondent banking over an alleged $1.8 billion Iran linked transaction pipeline.

Implication: *Banks across the Gulf with correspondent or trade-finance ties to Iranian institutions, or to third-country banks that service them, should review that exposure now – designation can come without warning.*

Source: U.S. Department of the Treasury (OFAC), Notice to Foreign Financial Institutions Conducting Business with Iran, 5 October 2026

02 US Sanctions Three UAE Firms Over Iranian Petrochemical Trade

On 8 October 2026, OFAC designated ArabianPro Materials FZCO, Horizon Ship Management FZE and Hessonite Ship Management LLC – all UAE based – under Executive Order 13846, as part of a package covering ten entities, six individuals and five vessels for exporting and shipping Iranian petrochemical products. The same day, Treasury separately designated seventeen shadow fleet vessels under Operation Economic Outcast.

Implication: *UAE trading and shipping companies, and their banks, should screen counterparties and vessel ownership chains against these newly designated names without delay.*

Source: U.S. Department of the Treasury, press releases, 8 October 2026

03 American Express Fined $350m Over AML Programme Failures

On 8 October 2026, the Office of the Comptroller of the Currency fined American Express National Bank $350 million, with a parallel Federal Reserve order against the parent company, after finding the bank's anti-money laundering programme suffered from weak internal controls, insufficient staffing and training, and ineffective transaction monitoring. Regulators stated that roughly $13 billion in suspected money laundering activity between 2014 and 2025 was insufficiently identified, investigated or reported.

Implication: *The case resets supervisory expectations for transaction monitoring at card issuers – MLROs with correspondent ties to international card schemes should confirm their own controls would withstand similar scrutiny.*

Source: Office of the Comptroller of the Currency and Federal Reserve, enforcement actions, 8 October 2026

04 Trump Diesel Deal Eases Russia Sanctions, Angers Ukraine

On 9 October 2026, the U.S. Treasury Department issued a temporary general license permitting Russian-origin diesel onto global markets, easing sanctions under the Russia sanctions law enacted in September 2026 – the license runs until 7 April 2027, the first since the war began to exceed the standard thirty-day window. President Trump cited U.S. diesel prices up roughly 70% since the U.S.-Iran conflict disrupted Gulf shipping in February 2026; President Zelensky called it "a weak decision" handing Moscow extra revenue, and seven U.S. senators have urged the administration to reverse course.

Implication: *Gulf based oil traders and their banks should note Treasury's new willingness to grant multi month licenses for sanctioned origin cargo – a precedent worth watching for Iran origin flows through the same shipping lanes.*

Source: U.S. Department of the Treasury general license; Fortune and NPR reporting, 9 October 2026

LOOKING AHEAD KCG is quietly developing a new initiative in compliance technology. Details will follow in a future issue – subscribers will be the first to know.

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