TENDIFY COMPLIANCE SERIES

SECONDARY SANCTIONS & TRADE COMPLIANCE CHECKLIST

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Framework for Dual-Use Goods, Banking Tiering & Incoterms 2020 Addendums

This checklist provides trade operations and legal counsel with essential safeguards to navigate secondary sanctions exposure, manage End-User Certificate (EUC) requirements for dual-use items, structure multi-tiered regional banking corridors, and execute risk-mitigating Incoterms 2020 contractual addendums.

1. DUAL-USE GOODS & END-USER CERTIFICATE (EUC) SELF-DECLARATION CHECKLIST

To verify non-military end-use and mitigate extraterritorial liability under EAR/OFAC regulations, every shipment involving controlled HS codes must secure a certified EUC containing the following mandatory declarations:

A. Mandatory EUC Data Elements

- **Consignee & End-User Profile:** Full legal corporate name, registered address, tax ID, and UBO verification.
- **Detailed Technical Description:** HS/HTS classification code, ECCN status, commercial name, and physical quantities.
- **Specific End-Use Purpose:** Exact operational application (e.g., civilian manufacturing, commercial lab testing). Generic descriptors ("industrial use") are strictly non-compliant.

B. Compliance & Non-Re-export Covenants

- **Non-Diversion Clause:** Binding commitment that items will not be re-exported, transshipped, or transferred to unauthorized territories or SDN entities.
- **Right to On-Site Inspection:** Granting the exporter or designated third-party auditor authority to verify physical installation/use.
- **Government Stamp & Sign-off:** Attestation by authorized corporate officer and notary/chamber seal.

2. BANKING TIERING & CLEARING PRINCIPLES (OMAN & QATAR CORRIDORS)

Navigating secondary sanctions risk requires multi-stage banking architecture to prevent clearing holds, correspondent wire freezes, and SWIFT flag alerts.

Banking Layer	Operational Jurisdiction	Compliance Requirements	Primary Purpose
Tier 1: Onshore Local	Oman (e.g., Bank Muscat, Sohar International) / Qatar (QNB)	Local Commercial Registration (CR), Tax Registration, Physical Substance Proof	Local AED/OMR/QAR operational disbursements, rent, and local freight fees
Tier 2: Regional Offshore/FCY	Oman Special Economic Zones (Freezone Accounts)	Enhanced Due Diligence (EDD), EUC verification, Sanctions Screening for wire parties	Third-country B2B trade settlement, currency conversion, and escrow facilities
Tier 3: Correspondent Rail	International USD/EUR Correspondent Banks	Full documentation transparency (Invoices, B/L, Customs Entry Forms)	Non-sanctioned international supplier payments (Non-USD clearing preferred)

3. MODEL LEGAL CLAUSES FOR INCOTERMS 2020 ADDENDUMS (DAP & DPU)

Standard Incoterms 2020 rules do not account for sudden secondary sanctions or customs rejections. Incorporate these model clauses into purchase orders and supply contracts under DAP (Delivered at Place) and DPU (Delivered at Place Unloaded):

Clause A: Sanctions Compliance & Force Majeure Exemption (DAP / DPU)

> "If performance under this Agreement is rendered illegal, restricted, or subject to secondary sanctions exposure by any applicable government authority (including OFAC, EU, or GCC regulations), the Buyer/Seller

> shall immediately notify the other party. The Seller reserves the right to suspend or reroute performance under DAP/DPU terms without penalty or liquidated damages."

Clause B: Customs Clearance & Secondary Duty Allocation (DAP Term)

> "Under DAP terms, the Buyer assumes sole responsibility for customs clearance, tariff assessment, and compliance holds. If cargo is detained, seized, or delayed due to regulatory inspection or sanctions audits at the destination port/border, all demurrage, storage, and detention charges shall be for the sole account of the Buyer."

Clause C: Unloading Duty & Re-routing Mechanics (DPU Term)

> "Under DPU terms, Seller’s obligation to unload cargo at the named destination is contingent upon safe, legally compliant access. Should secondary sanctions prevent unloading or vessel discharge at the designated port, the cargo may be diverted to an alternative safe port (e.g., Sohar/Salalah). Any incremental freight, insurance, or handling costs shall be borne equally between Buyer and Seller."

LEGAL NOTICE: Currency Choice & USD Clearing Risk

Executing contracts denominated in United States Dollars (USD) automatically confers US extraterritorial jurisdiction via US correspondent bank clearing systems. To minimize secondary sanctions enforcement risk under DAP/DPU addendums, contract pricing should be structured in AED, EUR, CNY, or Stablecoin settlement rails.