

The role of Designated Non-Financial Businesses and Professions in fighting financial crime

Guiding Principles



Reducing risk to the public of financial loss due to dishonesty, incompetence, malpractice or the financial unsoundness of financial service providers

Protecting and enhancing the reputation and integrity of Jersey in commercial and financial matters

Safeguarding the best economic interests of Jersey

Countering financial crime both in Jersey and elsewhere



DNFBP/NPOs/VASP Team

DNFBP - Designated non-financial businesses and professions

NPO - Non-Profit Organisations

VASP – Virtual Asset Service Provider

- › New Regimes Team and Pooled Supervision have been combined to create the **DNFBP/NPO/VASP Team**
- › DNFBPs defined in Part 3 of Schedule 2 of the PoCL are; Casinos, Real estate agents, High Value Dealers, Lawyers and Accountants
- › The team will also supervise Prescribed NPOs, as defined within the Non-Profit Organizations (Jersey) Law 2008, and
- › VASPs as described under Part 4 Schedule 2 of the PoCL
- › A risk-based supervisory approach will be taken to the distinct sectors, such as VASPs



Review of AML/CFT/CPF Requirements

AML – Anti Money Laundering

CFT – Combatting Financial Terrorism

CPF – Combatting Proliferation Financing

Proceeds of Crime Law
Activities defined as financial services business, falling within scope of AML/CFT legislation.

Money Laundering Order
Imposes AML/CFT obligations on relevant persons.

Supervisory Bodies Law
JFSC's authority to supervise and powers over supervised persons.



Review of AML/CFT/CPF Requirements

References:

[AML/CFT/CPF Handbook issued by the JFSC](#)

[Proceeds of Crime \(Jersey\) Law 1999](#)

[Proceeds of Crime \(Supervisory Bodies\) \(Jersey\) Law 2008](#)

[Terrorism \(Jersey\) Law 2002](#)

[Money Laundering \(Jersey\) Order 2008](#)

[Sanctions and Asset-Freezing \(Jersey\) Law 2019](#)

[Sanctions and Asset-Freezing \(Implementation of External Sanctions\) \(Jersey\) Order 2021](#)



Review of AML/CFT/CPF Requirements

- › Assess your overall exposure to financial crime
- › Put in place systems and controls to mitigate the risks



Your AML/CFT/CPF obligations

- › Business Risk Assessments
- › Identify  Mitigate  Monitor
- › Handbook references: Section 2.3
- › Section 3 gives guidance on the risk factors to be considered in the BRA

Good Practice

You are able to demonstrate the BRA is a dynamic document that is updated based on a range of factors and includes dates and reasons for the review.

Poor Practice

Risk assessment is a one-off exercise



Your AML/CFT/CPF obligations

Customer Risk Assessments

- › **Activities** - E.g. are they a politically exposed person or otherwise connected to a politically exposed person (PEP), is there adverse media about the customer?
- › **Customers** - Who do your customers provide services to? Are they local, overseas, PEPs?
- › **Geographical** - For example, is the customer resident or located in a country/region vulnerable to financial crime?
- › **Products, services or transactions** – is what is being requested posing a higher risk of financial crime due to what is being sought for example, or is the structure overly complex and using multiple jurisdictions?
- › **Delivery channel** – how do they interact with their customers? For example, face-to-face or through agents or intermediaries?



Customer Risk Assessment

Handbook references Section 2 and 3

Good Practice

Your CRA demonstrates and documents a detailed consideration of all relevant risk factors appropriate to your customers

The information gathered to assess your customer risk takes into account the guidance provided in Section 3 of the AML/CFT/CPF Handbook at a minimum

Poor Practice

The CRA becomes a static document that is never updated



Your AML/CFT/CPF obligations

Policy and procedures Handbook reference Sections 2.3 and 2.4

- › Customer Due Diligence - Handbook references Sections 3 and 4
- › Enhanced CDD measures - might be required (e.g. when a politically exposed person is identified) Handbook reference Section 7
- › Monitoring - Handbook reference Section 6
- › Suspicious Activity Reports- Handbook reference Section 8 and also [States of Jersey Police - Suspicious activity reports](#)
- › Sanctions - Handbook reference Section 3
- › Record keeping and retention of records - Handbook reference Section 10

Good Practice

Dates of the P&P are noted. Dates of completion of periodic reviews and updates are documented

Poor Practice

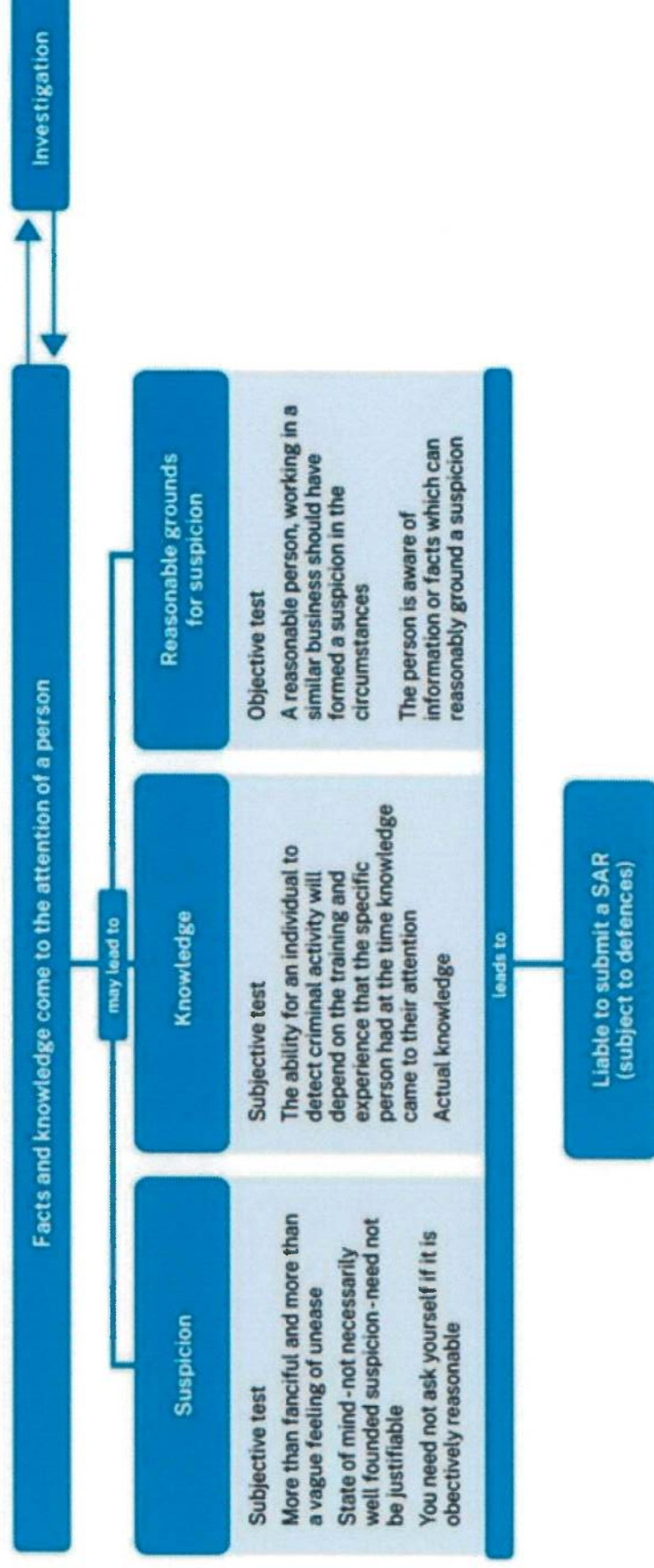
Procedures are not reviewed at least annually



Thematic Examination Programme

Suspicious Activity Reporting obligations

- › Assess compliance and completeness of systems and controls with [Article 21 MLO](#) and [Section 8.3.1 and 8.3.2 Handbook](#)
- › Differences between three terms of Suspicion, Knowledge and reasonable grounds for suspicion: Handbook reference Section 8.3.2



What good SAR procedures look like

- › Written in a way that are easily understood
- › Highlight who the MLRO (and DMLRO) are
- › Reporting is also for business or a one-off transaction that is declined
- › Making an iSAR as soon as is practicable
- › There is no set monetary limit
- › iSARs are not to be filtered by management
- › Tipping off is covered
- › The iSAR to be acknowledged by the MLRO
- › Highlights the decision to report is the employees
- › Disciplinary action to be taken for failing, without reasonable excuse, to file an iSAR where there is knowledge, suspicion or reasonable grounds for suspicion (see *Dowling v Concentric case*)



What a good SAR register contains

- > SAR reference
- > Date employee became suspicious
- > Date the iSAR was received
- > Employee(s) reporting
- > Date acknowledgement sent
- > Subject of iSAR
- > Externalised – Yes or No
- > Reason for Externalisation or not
- > Working days taken to process the iSAR
- > Date externalised to the Joint Financial Crime Unit (JFCU)
- > JFCU response and reference number/code
- > Date of JFCU response
- > Relationship tabled for discussion
- > Client retained – Yes or No
- > Reason for retainment or not
- > Open or Closed



What good training looks like

- › Relevant to the business
- › Interesting
- › Defines Money Laundering, Terrorist Financing and Proliferation Financing
- › Give examples or use case studies
- › Legislation
- › Highlight the importance of reporting and each individual's contribution to fighting financial crime
- › Names the MLRO (DMLRO)
- › The Board/Senior Management have had separate training
- › MLRO/DMLRO have been/continue to be trained on handling iSARs/eSARs
- › liaising with the JFSC/JFCU/Law enforcement
- › how to deal with the risk of tipping off

