

MEMORANDUM

TO: Industry/Professional Associations
DATE: 16 February 2018



Engagement on Revisions to the AML/CFT Framework – Enhanced Customer Due Diligence Measures

The Commission, in conjunction with the Policy and Resources Committee, has given very careful consideration to feedback received from industry through the joint consultation on proposed revisions to the Bailiwick’s AML/CFT framework. Part of this feedback related to the proposed measures to address the recommendations made by both the IMF and Moneyval that the Guernsey authorities should expand the list of higher risk customers to which firms must apply enhanced customer due diligence.

In addition to the above we have also been considering the comments and examples which respondents were invited to provide on whether, based upon the money laundering and terrorist financing risks present, there were circumstances when a risk based approach could be justified for business relationships or occasional transactions connected with former politically exposed persons, their close family members or close associates (“together referred to as PEPs).

As both of these topics fall within Chapter 8, we are circulating a revised chapter which broadly illustrates what the rules and guidance in these areas would be. The chapter remains a work in progress and aspects of it not referenced above remain under consideration, however we believe it is an appropriate time to reflect to industry our revised approach to addressing these two key issues.

With the assistance of the industry and professional associations the Commission is seeking feedback on:

- i) re-worked proposals for addressing the IMF/Moneyval recommendation that firms should be required to apply enhanced customer due diligence to a wider range of customers; and
- ii) proposed measures which would apply when, after a specified period of time since the political connection ceased, a firm could consider on the basis of risk that it would be appropriate to “declassify” certain types of PEP relationships.

The associations have kindly agreed to circulate this draft chapter and to collate feedback from their membership and pass it to us. We have asked the associations if we could have this by close of business on Friday 23 March 2018. It would be particularly helpful to have feedback on the practicalities of transposing these enhanced measures into firms’ policies and procedures and on their application to their business.

The Commission is grateful to the associations for their assistance with this work.

Fiona Crocker
Director, Financial Crime Supervision and Policy Division