

# Thematic questionnaire for enhanced CDD measures, simplified CDD measures, and exemptions

As part of the Jersey Financial Services Commission's (JFSC) statutory function, supervisory examinations are conducted to test whether entities are fulfilling their Anti-Money Laundering and Countering the Financing of Terrorism (AML/CFT) obligations in accordance with applicable Laws, Orders and Codes.

The purpose of this questionnaire is to support supervisory examinations and create a greater understanding of the application of ECDD, SCDD and Exemptions.

Article 8(2) of the Financial Services Jersey Law 1998 (FSJL) and Article 8(3) of the Proceeds of Crime (Supervisory Bodies) (Jersey) Law 2008 (SBL), provide the JFSC with the power to request that registered/supervised persons (i) supply information to the JFSC; and (ii) provide answers to questions.

We would also like to remind registered/supervised persons of their obligations under Article 28 of the FSJL and Article 34(7), (8) and (9) of the SBL which concerns the provision of false or misleading information or failure to supply information to the JFSC.

## General guidance:

- › Provide answers to the questions as at **31 December 2020**.
- › We don't require full policy and procedure documents, so please don't include these
- › Provide answers that are as concise as possible
- › Where any gaps in your policies and procedures are identified, construct a remediation plan and discuss this with your relevant (JFSC) Supervisor. You should also consider the General Notification requirements of Principle 6 of the relevant Codes of Practice.

## General

1.1 When you risk rate your customers, who do you apply ECDD measures to? Please add an (X) to all that apply:

|                       |                          |
|-----------------------|--------------------------|
| Higher risk customers | <input type="checkbox"/> |
| Medium risk customers | <input type="checkbox"/> |
| Lower risk customers  | <input type="checkbox"/> |

1.2 Do you utilise SCDD measures? Please add an (X):

|     |                          |
|-----|--------------------------|
| Yes | <input type="checkbox"/> |
| No  | <input type="checkbox"/> |

1.3 Do you utilise Exemptions? Please add an (X):

|     |                          |
|-----|--------------------------|
| Yes | <input type="checkbox"/> |
| No  | <input type="checkbox"/> |

1.4 Please provide the number of customers where business has been declined or terminated due to ECDD measures not being satisfactorily completed, or where ECDD measures have confirmed the customer's business or risk profile was outside of your risk appetite:

| Risk rating | Number |
|-------------|--------|
| High        |        |
| Medium      |        |
| Low         |        |
| Other       |        |

## Governance

2.1 When was the last time the Business Risk Assessment (BRA) was approved by the board/senior management? Please add an (X):

|                            |                          |
|----------------------------|--------------------------|
| Within the last six months | <input type="checkbox"/> |
| Six months to one year     | <input type="checkbox"/> |
| One year to two years      | <input type="checkbox"/> |
| Two years +                | <input type="checkbox"/> |

2.2 Who has input into the BRA when it is updated? Please add an (X) to all that apply:

|                         |                          |
|-------------------------|--------------------------|
| Board/senior management | <input type="checkbox"/> |
| Risk committee          | <input type="checkbox"/> |
| Key Person              | <input type="checkbox"/> |
| Other please specify:   |                          |

2.3 Are there currently any actions point(s) outstanding in relation to the BRA (specific to ECDD/SCDD and Exemptions) for the board/senior management/business to action? Please add an (X):

|     |                          |
|-----|--------------------------|
| Yes | <input type="checkbox"/> |
| No  | <input type="checkbox"/> |

2.3.1 If you have answered yes to 2.3 please provide additional information.

|               |
|---------------|
| Add text here |
|---------------|

2.4 Does the BRA have a section(s) dedicated to the risks of carrying on business with customers where ECDD/SCDD and Exemptions are applied?

| ECDD |                          | SCDD |                          | Exemptions |                          |
|------|--------------------------|------|--------------------------|------------|--------------------------|
| Yes  | <input type="checkbox"/> | Yes  | <input type="checkbox"/> | Yes        | <input type="checkbox"/> |
| No   | <input type="checkbox"/> | No   | <input type="checkbox"/> | No         | <input type="checkbox"/> |

2.4.1 If you have answered no to any sections in 2.4 please provide the rationale as to why this is not captured in the BRA.

|               |
|---------------|
| Add text here |
|---------------|

2.5 Please provide details of how customers that have ECDD measures and Exemptions applied are approved for on-boarding, and subjected to ongoing review. Please add an (X) to all that apply and provide further information where necessary:

| ECDD measures and Exemptions  | How ECDD measures and Exemptions are applied |
|---|--|
| Senior line management approval   | <input type="checkbox"/>                     |
| Dedicated high risk business committee (or similar)                           | <input type="checkbox"/>                     |
| Board/senior management or delegated committee                                | <input type="checkbox"/>                     |
| Annual review approved by senior line management                              | <input type="checkbox"/>                     |
| Annual review approved by dedicated high risk business committee (or similar) | <input type="checkbox"/>                     |
| Annual review by board/senior management or delegated committee               | <input type="checkbox"/>                     |
| Other please specify:   |  |

| ECDD |                          | Exemptions |                          |
|------|--------------------------|------------|--------------------------|
| Yes  | <input type="checkbox"/> | Yes        | <input type="checkbox"/> |
| No   | <input type="checkbox"/> | No         | <input type="checkbox"/> |

2.6 Do the compliance or other relevant reports to the board/senior management reference where there have been delays in obtaining CDD information? Please add an (X):

|     |                          |
|-----|--------------------------|
| Yes | <input type="checkbox"/> |
| No  | <input type="checkbox"/> |

2.7 In the last 12 months how many incidents of non-compliance with the regulatory framework (including any applicable codes of practice) have been identified in regards to ECDD/SCDD and Exemptions?

| Number of ECDD | Number of SCDD | Number of Exemptions |
|----------------|----------------|----------------------|
|                |                |                      |

2.8 How many of these incidents of non-compliance have been reported to the JFSC?

Number of incidents

2.9 As part of this questionnaire or BAU activity, have you identified any deficiencies or areas for development, which are still ongoing, in your approaches to CDD measures and keeping information up to date? Please add an (X):

|     |                          |
|-----|--------------------------|
| Yes | <input type="checkbox"/> |
| No  | <input type="checkbox"/> |

2.9.1 If you have answered yes to 2.9 please provide further information.

Add text here

2.10 How do you test that systems and controls (including policies and procedures) in relation to ECDD/SCDD and Exemptions are being adhered to. Please add an (X) to all that apply:

| ECDD                      |                          | SCDD                      |                          | Exemptions                |                          |
|---------------------------|--------------------------|---------------------------|--------------------------|---------------------------|--------------------------|
| Four or six eye oversight | <input type="checkbox"/> | Four or six eye oversight | <input type="checkbox"/> | Four or six eye oversight | <input type="checkbox"/> |
| Front line testing        | <input type="checkbox"/> | Front line testing        | <input type="checkbox"/> | Front line testing        | <input type="checkbox"/> |
| Compliance monitoring     | <input type="checkbox"/> | Compliance monitoring     | <input type="checkbox"/> | Compliance monitoring     | <input type="checkbox"/> |
| Other                     | <input type="checkbox"/> | Other                     | <input type="checkbox"/> | Other                     | <input type="checkbox"/> |

2.11 Please describe how ECDD/SCDD and Exemptions are captured within the Compliance Monitoring Plan (CMP).

Add text here

2.12 Who conducts CMP testing in relation to ECDD/SCDD and Exemptions and how frequently is it completed?

| ECDD                                 |                          |           |                          |
|--------------------------------------|--------------------------|-----------|--------------------------|
| Please add an (X) to all that apply: |                          |           |                          |
| Compliance                           | <input type="checkbox"/> | Annually  | <input type="checkbox"/> |
| Risk                                 | <input type="checkbox"/> | Quarterly | <input type="checkbox"/> |
| Group function                       | <input type="checkbox"/> | Monthly   | <input type="checkbox"/> |
| Other please specify:                |                          |           |                          |

| SCDD                                 |                          |           |                          |
|--------------------------------------|--------------------------|-----------|--------------------------|
| Please add an (X) to all that apply: |                          |           |                          |
| Compliance                           | <input type="checkbox"/> | Annually  | <input type="checkbox"/> |
| Risk                                 | <input type="checkbox"/> | Quarterly | <input type="checkbox"/> |
| Group function                       | <input type="checkbox"/> | Monthly   | <input type="checkbox"/> |
| Other please specify:                |                          |           |                          |

| Exemptions                           |                          |           |                          |
|--------------------------------------|--------------------------|-----------|--------------------------|
| Please add an (X) to all that apply: |                          |           |                          |
| Compliance                           | <input type="checkbox"/> | Annually  | <input type="checkbox"/> |
| Risk                                 | <input type="checkbox"/> | Quarterly | <input type="checkbox"/> |
| Group function                       | <input type="checkbox"/> | Monthly   | <input type="checkbox"/> |
| Other please specify:                |                          |           |                          |

2.13 If a Group function conducts the testing please indicate whether this function is based in Jersey or another jurisdiction.

|               |
|---------------|
| Add text here |
|---------------|

2.14 When was the last time the CMP testing (in respect to ECDD/SCDD and Exemptions) conducted?

|            |          |
|------------|----------|
| ECDD       | dd/mm/yy |
| SCDD       | dd/mm/yy |
| Exemptions | dd/mm/yy |

## Policies and procedures

3.1 Do your policies and procedures include the application of ECDD/SCDD and Exemptions? Please add an (X):

|           |                          |
|-----------|--------------------------|
| Yes       | <input type="checkbox"/> |
| No        | <input type="checkbox"/> |
| Partially | <input type="checkbox"/> |

3.1.1 If you have answered no or partially to 3.1 please provide details of why the policies and procedures do not include ECDD/SCDD and Exemptions.

Add text here

3.2 How often are these policies and procedures reviewed and approved? Please provide further information where necessary in the space below, please add an (X) to all that apply:

|               |                          |
|---------------|--------------------------|
| Trigger event | <input type="checkbox"/> |
| Annually      | <input type="checkbox"/> |
| Other         | <input type="checkbox"/> |

Add text here

3.2.1 Who approves the policies and procedures? Please add an (X) to all that apply:

|                                   |                          |
|-----------------------------------|--------------------------|
| Board/senior management           | <input type="checkbox"/> |
| Risk committee                    | <input type="checkbox"/> |
| Policies and procedures committee | <input type="checkbox"/> |
| Other please specify:             |                          |

3.3 Please list the steps you have taken to ensure the customer risk assessment process has adequately identified customers where ECDD measures must be applied?

|               |
|---------------|
| Add text here |
|---------------|

3.4 Please list the internal systems and controls (including policies and procedures) implemented to scrutinise customers' source of funds and source of wealth information.

|               |
|---------------|
| Add text here |
|---------------|

3.5 Do you follow the three tier test to ensure beneficial owners, controllers and other connected persons or factors that may require you to apply ECDD measures are identified? Please add an (X):

|     |                          |
|-----|--------------------------|
| Yes | <input type="checkbox"/> |
| No  | <input type="checkbox"/> |



3.5.1 Do you allow exceptions to the three tier test? Please add an (X):

|     |                          |
|-----|--------------------------|
| Yes | <input type="checkbox"/> |
| No  | <input type="checkbox"/> |

3.5.2 If you have answered yes to 3.5.1 please provide an overview as to why exceptions may be appropriate.

Add text here

3.14 Please list the ways in which the MLCO ensures the policies and procedures (in which ECDD/SCDD and Exemptions are referenced) are kept up to date?

Add text here

## ECDD

4.1 In respect of any customers (to whom you have applied ECDD measures) that are rated higher risk, please confirm how often these customers are subject to review? Please add an (X):

|          |                          |
|----------|--------------------------|
| Annually | <input type="checkbox"/> |
| Other    | <input type="checkbox"/> |

4.1.1 If you have answered other to 4.1 please describe the review cycle under which these customers are reviewed.

Add text here

4.2 In respect of customers rated higher risk (to whom you have applied ECDD measures) are there any backlogs in respect of those regular reviews? Please add an (X):

|     |                          |
|-----|--------------------------|
| Yes | <input type="checkbox"/> |
| No  | <input type="checkbox"/> |

4.2.1 If you answered yes to 4.2 please provide further information as to the nature of the backlog and any action plans in place to resolve the situation.

|               |
|---------------|
| Add text here |
|---------------|

4.3 Please confirm that all circumstances to which ECDD measures must be applied, as described in Section 7 of The Handbook for the Prevention and Detection of Money Laundering and Countering the Financing of Terrorism (Handbook), are captured in your policies and procedures? Please add an (X):

|     |                          |
|-----|--------------------------|
| Yes | <input type="checkbox"/> |
| No  | <input type="checkbox"/> |

4.3.1 If you have answered no to 4.3 please provide additional information.

|               |
|---------------|
| Add text here |
|---------------|

## SCDD

5.1 For scenarios in which SCDD measures are applied, how do you satisfy yourself that there is little risk of money laundering?

|               |
|---------------|
| Add text here |
|---------------|

5.2 Please list the circumstances in which you utilise SCDD measures.

|               |
|---------------|
| Add text here |
|---------------|

## Exemptions

6.1 Do you provide services or accounts where the Exemptions described in Section 7 of the Handbook are utilised, in respect of your customer or third parties for whom your customer is acting? Please add an (X):

|     |                          |
|-----|--------------------------|
| Yes | <input type="checkbox"/> |
| No  | <input type="checkbox"/> |

6.1.1 If you have answered yes to 6.1 please indicate how such relationships are risk assessed and approved and subject to regular review. Please indicate all that apply with an (X) and provide further information where necessary in the space below.

|  |                          |
|--|--------------------------|
| Documented due diligence (on the relevant customer) including onsite visits, reviewing systems and controls.   | <input type="checkbox"/> |
| Desk based documented due diligence of the relevant customer process.  | <input type="checkbox"/> |
| Documented due diligence visits including onsite visits, without reviews of systems and controls.  | <input type="checkbox"/> |
| Senior management approval of on-boarding of relationships.  | <input type="checkbox"/> |
| Approval of relationships by board/senior management committee or delegated committee.   | <input type="checkbox"/> |
| Terms of business that prevent use of such accounts for funds connected to high risk customers, PEPs and funds arising from sensitive activities detailed in the JFSC Sound Business Practices Policy. | <input type="checkbox"/> |
| Annual due diligence review onsite visit, including reviews of systems and controls and customer files.  | <input type="checkbox"/> |
| Annual due diligence review onsite visit.  | <input type="checkbox"/> |
| Annual desk based review.  | <input type="checkbox"/> |
| Annual approval by senior line management.   | <input type="checkbox"/> |
| Annual approval by board/senior management or delegated committee.   | <input type="checkbox"/> |

Please add additional information here:

Add text here

6.1.2 Please indicate how regular reviews are conducted. Please indicate all that apply with an (X) and provide further information where necessary in the space below.

|  |                          |
|--|--------------------------|
| Documented due diligence (on the relevant customer) including onsite visits, reviewing systems and controls.   | <input type="checkbox"/> |
| Desk based documented due diligence of the relevant customer process.  | <input type="checkbox"/> |
| Documented due diligence visits including onsite visits, without reviews of systems and controls.  | <input type="checkbox"/> |
| Senior management approval of on-boarding of relationships.  | <input type="checkbox"/> |
| Approval of relationships by board/senior management or delegated committee.   | <input type="checkbox"/> |
| Terms of business that prevent use of such accounts for funds connected to high risk customers, PEPs and funds arising from sensitive activities detailed in the JFSC Sound Business Practices Policy. | <input type="checkbox"/> |
| Due diligence review onsite visit, including reviews of systems and controls and customer files.   | <input type="checkbox"/> |
| Due diligence review onsite visit.   | <input type="checkbox"/> |
| Desk based review.   | <input type="checkbox"/> |
| Approval by senior line management.  | <input type="checkbox"/> |
| Approval by board/senior management or delegated committee.  | <input type="checkbox"/> |

Please add additional information here:

Add text here

6.2 Where you would ordinarily conduct onsite visits to carry out due diligence, are these presently suspended? Please add an (X):

|     |                          |
|-----|--------------------------|
| Yes | <input type="checkbox"/> |
| No  | <input type="checkbox"/> |
| N/A | <input type="checkbox"/> |

6.3 In respect of the services or accounts described in question 6.1, have there been any instances where you have had to apply identification measures to any of those accounts within the past 12 months?

|               |
|---------------|
| Add text here |
|---------------|

6.3.1 If you have answered yes to 6.3 please provide further information relating to each instance.

|               |
|---------------|
| Add text here |
|---------------|

6.4 Do you provide any services or accounts to any non-Jersey firms in respect of third parties for whom your customer is acting, where you have utilised the Exemptions described in Section 7 of the Handbook? Please add an (X):

|     |                          |
|-----|--------------------------|
| Yes | <input type="checkbox"/> |
| No  | <input type="checkbox"/> |

6.4.1 If you have answered yes to 6.4 please indicate how many relationships you have with such firms, and the countries in which they are located:

| Number of relationships: | Number expressed as % of client base: | Country: |
|--------------------------|---------------------------------------|----------|
|                          |                                       |          |