



Consultation Paper No. 7 2021

Consolidation of the AML/CFT Handbooks and other amendments

A consultation on the consolidation of the AML/CFT Handbooks into one document, the extension of the AML/CFT Codes and guidance notes to cover all supervised persons, and the addition of new AML/CFT Codes in respect of electronic identification (E-ID), electronic statements/utility bills and the certification of documents

Issued: November 2021

Consultation Paper

We invite comments on this consultation by **7 January 2022**. If you require any assistance, clarification or wish to discuss any aspect of the proposal prior to formulating a response, it is of course appropriate to contact us.

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Alternatively, Lisa Springate at Jersey Finance Limited (**JFL**) is coordinating an Industry response that will incorporate any matters raised by local businesses. Comments should be submitted to JFL by **7 January 2022**.

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Our policy is to provide the content of responses for inspection unless specifically requested otherwise.

It is the policy of JFL (unless otherwise requested or agreed) to collate all responses and share them verbatim with the JFSC on an anonymised basis (with reference made only to the type of respondent, e.g. individual, law firm, trust company etc.). This collated, anonymised response will, typically, be placed in JFL's permanent electronic archive which is currently open to all JFL members.

Glossary of Terms

Defined terms are indicated throughout this document as follows:

2020 Consultation	JFSC Consultation Paper No.3 2020 issued 28 May 2020
AML/CFT Codes	AML/CFT Codes of Practice issued under Article 22 of the Supervisory Bodies Law
CDD	Customer Due Diligence
Commission Law	Financial Services Commission (Jersey) Law 1998
Consolidated Handbook	The consolidated and revised version of the AML/CFT Handbooks
Current AML/CFT Handbooks	The currently issued Handbooks for the Prevention and Detection of Money Laundering and the Financing of Terrorism, comprising: <ul style="list-style-type: none"> › The AML/CFT Handbook for Regulated Financial Services Businesses › The AML/CFT Handbook for the Accountancy Sector › The AML/CFT Handbook for the Legal Sector › The AML/CFT Handbook for Estate Agents and High Value Dealers
DNFBP	Designated Non-Financial Businesses and Professions
FATF	Financial Action Task Force
JFSC	Jersey Financial Services Commission
Main Handbook	The AML/CFT Handbook for Regulated Financial Services Businesses
Money Laundering Order	Money Laundering (Jersey) Order 2008
MVTS	Money or Value Transfer Service
Proceeds of Crime Law	Proceeds of Crime (Jersey) Law 1999
Regulated business	Has the meaning given in Article 1 of the Proceeds of Crime (Supervisory Bodies) (Jersey) Law 2008
Regulated person	Has the meaning given in Article 1 of the Proceeds of Crime (Supervisory Bodies) (Jersey) Law 2008
Relevant person	A person carrying on a financial services business (as described in Schedule 2 of the <i>Proceeds of Crime Law</i>) and which is carrying on that business in or from within Jersey, or, if a Jersey legal person, carrying on that business in any part of the world
Supervised person	Has the meaning given in Article 1 of the Proceeds of Crime (Supervisory Bodies) (Jersey) Law 2008.

Supervisory Bodies Law	Proceeds of Crime (Supervisory Bodies) (Jersey) Law 2008
VASP	Virtual Asset Service Provider

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1 Executive Summary

1.1 Overview

- 1.1.1 This consultation seeks feedback on proposals to merge the current AML/CFT Handbooks into one Consolidated Handbook, extend the scope of the AML/CFT Codes and guidance notes to cover all supervised persons and add AML/CFT Codes in respect of E-ID, electronic statements/utility bills and certification of documents.
- 1.1.2 [Consultation Paper No.3 2020](#) issued 28 May 2020 (the **2020 Consultation**) proposed various amendments to the AML/CFT Handbooks in order to implement the requirements of the 2012 FATF Recommendations.
- 1.1.3 The merging of the AML/CFT Handbooks and extension of the AML/CFT Codes and guidance notes was raised as a longer term proposal at Section 5 of the 2020 Consultation. Carrying this into effect would constitute a non-legislative amendment to the Jersey regulatory framework and falls under the second stage of the implementation process described at Section 1.1 of the 2020 Consultation.
- 1.1.4 It is now proposed to proceed with the merging of the AML/CFT Handbooks and extension of the AML/CFT Codes and guidance notes.
- 1.1.5 It is also now proposed to add further AML/CFT Codes, in respect of electronic identification (E-ID), electronic statements/utility bills and certification of documents.
- 1.1.6 Feedback is invited on the proposals set out in this consultation.

1.2 What is proposed and why?

- 1.2.1 We are proposing to merge the current AML/CFT Handbooks into one Consolidated Handbook and extend the scope of the AML/CFT Codes and guidance notes to all supervised persons. Preparation for this has been undertaken through:
 - 1.2.1.1 A mapping exercise of each section of Part 1 of the current AML/CFT Handbooks to identify differences and commonalities across each handbook
 - 1.2.1.2 Consolidation of the text into 10 “common” sections (forming the main body of the Consolidated Handbook i.e. requirements which are relevant across all sectors) and six “sector-specific” sections (covering requirements and guidance specific to individual sectors, drawn from the various AML/CFT Handbooks and sector-specific sections to the main Handbook); and
 - 1.2.1.3 The introduction of colour-coding and an alphabetic key identifying which elements of the Consolidated Handbook are mandatory and which are guidance only, in order to make the Consolidated Handbook more accessible and easier to navigate.
- 1.2.2 The merging of the current AML/CFT Handbooks into one Consolidated Handbook and extension of the scope of the AML/CFT Codes and guidance notes to cover all supervised persons will assist in implementing the 2012 FATF Recommendations. See Section 4.2 below for further details.
- 1.2.3 We are also proposing to add four new AML/CFT Codes covering E-ID, electronic statements/utility bills and certification of documents. See Section 4.4.4 below for further details.

- 1.2.4 The proposed new AML/CFT Codes are presented as a result of feedback from Industry on the challenges posed by the utilisation of E-ID, electronic statements/utility bills and virtual conferencing platforms.

1.3 Who would be affected?

- 1.3.1 The proposals in this consultation will affect all supervised persons and applicants to carry on financial services business.
- 1.3.2 Supervised persons who are already subject to the AML/CFT Codes set out in the current AML/CFT Handbooks will be required to comply with four additional AML/CFT Codes, in respect of E-ID, electronic statements/utility bills and certification of documents, along with the AML/CFT Codes to which they are already subject.
- 1.3.3 Supervised persons who are not currently subject to the AML/CFT Codes set out in the current AML/CFT Handbooks will be required to comply with the full body of AML/CFT Codes set out in the Consolidated Handbook.

1.4 Costs and benefits

- 1.4.1 We recognise the costs to Industry when amending the AML/CFT Handbooks. However, the benefits of implementing the proposals in this consultation are threefold:
 - 1.4.1.1 Contributing towards the Island meeting the 2012 FATF Recommendations, therefore assisting in the fight against financial crime as well as promoting the Island as a well-regulated place to do business;
 - 1.4.1.2 Efficiencies for Industry. All supervised persons are able to refer to the same text regarding statutory requirements, AML/CFT Codes and generic guidance, whilst still being able to access sector-specific guidance. The Consolidated Handbook is also easier to navigate than the current AML/CFT Handbooks; and
 - 1.4.1.3 Efficiencies for us. Updates required as a result of changes to legislation, the 2012 FATF Recommendations, internationally recognised best practice and in response to Industry feedback, can be made more quickly.

2 Consultation

2.1 Basis for consultation

- 2.1.1 We are required to consult on amendments to Codes of Practice that are issued in accordance with Article 22 of the Supervisory Bodies Law.
- 2.1.2 We have issued this consultation in accordance with Article 8(3) of the Commission Law, as amended, under which the JFSC “may, in connection with the carrying out of its functions ...consult and seek the advice of such persons or bodies whether inside or outside Jersey as it considers appropriate”.

2.2 Responding to the consultation

- 2.2.1 We invite comments in writing from interested parties on the proposals included in this consultation. Where comments are made by an industry body or association,

that body or association should also provide a summary of the type of individuals and/or institutions that it represents.

- 2.2.2 A [response form has been published alongside this consultation](#). Respondents are requested to use this form when responding to the questions posed and providing any comments to support their answers. Use of this form will assist both us and JFL in collating and considering the responses provided.
- 2.2.3 Comments should be received no later than **7 January 2022**.

2.3 Next steps

- 2.3.1 We will publish feedback and issue an amended Consolidated Handbook. We anticipate this will be published on 31 January 2022.
- 2.3.2 There will be a two-month transition period, commencing on the date we issue the amended Consolidated Handbook.

3 The JFSC

3.1 Overview

- 3.1.1 We are a statutory body corporate established under the Commission Law. We are responsible for the supervision and development of financial services provided in or from within Jersey.

3.2 The JFSC's functions

- 3.2.1 Article 5 of the Commission Law prescribes that we are responsible for:
 - 3.2.1.1 The supervision and development of financial services provided in or from within Jersey
 - 3.2.1.2 Providing the States of Jersey, any Minister or any other public body with reports, advice, assistance and information in relation to any matter connected with financial services
 - 3.2.1.3 Preparing and submitting to the Minister for External Relations and Financial Services recommendations for the introduction, amendment or replacement of legislation appertaining to financial services, companies and other forms of business structure
 - 3.2.1.4 Such functions in relation to financial services or such incidental or ancillary matters:
 - › As are required or authorised by or under any enactment; or
 - › As the States of Jersey may, by Regulations, transfer; and
 - 3.2.1.5 Such other functions as are conferred on the JFSC by any other Law or enactment.

3.3 Guiding Principles

- 3.3.1 Article 7 of the Commission Law sets out our guiding principles which require us to, in particular, have regard to:
 - 3.3.1.1 The reduction of risk to the public of financial loss due to dishonesty, incompetence, malpractice, or the financial unsoundness of persons carrying on the business of financial services in or from within Jersey;

- 3.3.1.2 The protection and enhancement of the reputation and integrity of Jersey in commercial and financial matters;
- 3.3.1.3 The best economic interests of Jersey; and
- 3.3.1.4 The need to counter financial crime both in Jersey and elsewhere.

3.4 JFSC's role with respect to AML/CFT

- 3.4.1 With respect to the need to counter financial crime both in Jersey and elsewhere we are the supervisory body that exercises supervisory functions in respect of supervised persons, being:
 - 3.4.1.1 Regulated persons; and
 - 3.4.1.2 Persons registered under the Supervisory Bodies Law.
- 3.4.2 The supervisory functions to be exercised by us are defined in Article 2 of the Supervisory Bodies Law.
- 3.4.3 In accordance with Article 22 of the Supervisory Bodies Law we, as the supervisory body, have prepared and issued a number of AML/CFT Codes, which may be found in the relevant current AML/CFT Handbook.

4 Proposals

4.1 Background

- 4.1.1 The current AML/CFT Handbooks cover the following sectors:
 - 4.1.1.1 Regulated persons carrying on regulated business
 - 4.1.1.2 Accountants
 - 4.1.1.3 Lawyers
 - 4.1.1.4 Estate Agents and High Value Dealers.
- 4.1.2 The Handbook for Regulated Financial Services Business (the **Main Handbook**) includes AML/CFT Codes which are mandatory for regulated persons carrying on regulated business.
- 4.1.3 The sector-specific AML/CFT Handbooks (4.1.1.2 to 4.1.1.4 above) were issued following the introduction of AML/CFT supervision of those sectors in 2008 and introduced mandatory AML/CFT Codes for those sectors.
- 4.1.4 Relevant persons that are not carrying on regulated business and are not carrying on business as accountants, lawyers, estate agents or high value dealers are not currently required to comply with any AML/CFT Codes. However, these relevant persons are expected to continue to regard the AML/CFT Codes in the Main Handbook as guidance.

4.2 Compliance with 2012 FATF Recommendations

- 4.2.1 The FATF is an international organisation which sets standards and promotes effective implementation of legal, regulatory and operational measures for combating money laundering, proliferation financing and terrorist financing. The FATF has issued [40 Recommendations](#) which collectively apply to financial institutions, designated non-financial businesses and professions (DNFBPs) and virtual asset service providers (VASPs).

- 4.2.2 In line with Jersey's position as an International Finance Centre, the Island has sought to implement the FATF Recommendations through legislation.
- 4.2.3 The FATF Recommendations in respect of systems and controls are reflected in Jersey through the Money Laundering Order, augmented by AML/CFT Codes and guidance notes delivered through the current AML/CFT Handbooks.
- 4.2.4 Whilst the Money Laundering Order applies to all relevant persons, there are no AML/CFT Codes that apply directly to a number of financial services businesses. Please refer to [this table](#) which provides a mapping of the scope of the current AML/CFT Handbooks.
- 4.2.5 As a result, the AML/CFT Codes have no mandatory effect with respect to a range of sectors.
- 4.2.6 Jersey may therefore be unable to demonstrate full technical compliance with the 2012 FATF Recommendations.

4.3 Proposal overview

- 4.3.1 In order to address the issues identified at Section 4.2.4 to 4.2.6 above, we propose to:
 - 4.3.1.1 Merge the AML/CFT Handbooks into one Consolidated Handbook (Stage 1)
 - 4.3.1.2 Extend the scope of the AML/CFT Codes and guidance notes to all relevant persons (Stage 2); and
 - 4.3.1.3 Add further AML/CFT Codes, in respect of E-ID, electronic statements/utility bills and certification of documents.
- 4.3.2 The method by which Stage 1 has been carried out is detailed at 1.2.1.1 and 1.2.1.2 above. Further background regarding the consolidation method is also provided at Section 5.3 of the 2020 Consultation.

4.4 Stage 1 – Consolidated Handbook

- 4.4.1 The consolidation work has focused on Part 1 of the AML/CFT Handbooks. Parts 2-4 have been addressed as set out below:
 - 4.4.1.1 Part 2 (Information Resource) has been removed and is being replaced with a new section on our website providing links to useful financial crime information
 - 4.4.1.2 Part 3 (Supervision of compliance with the handbooks) has been removed and may be replaced with a revised document in due course
 - 4.4.1.3 Part 4 (Further reference material)
 - › Section 1 (Proceeds of Crime Law Schedule 2) has been removed, the rationale for exemptions is to be addressed through a separate parallel workstream.
 - › Section 2 (Case Studies) has been removed as it holds no content. In due course case studies will be shared on our website.
 - › Section 3 (Red flags for suspicious activity reports) has been integrated to the Consolidated Handbook as Section 6.4 (AML/CFT Warning Signs).

- › Section 4.1 (Guidance on prepaid cards) has been integrated to the Consolidated Handbook as Section 3.3.6
 - › Section 4.2 (Guidance on E-ID) has been integrated to the Consolidated Handbook as Section 4.3.5.
- 4.4.2 Stage 1 has already been the subject of a detailed resource analysis as part of the 2020 Consultation and the business case for merging the AML/CFT Handbooks is set out at Section 5.4 of that consultation.
- 4.4.3 The [feedback paper](#) published on 26 February 2021 in respect of the 2020 Consultation reported that respondents were overall in favour of the proposal, with none being against it.
- 4.4.4 We have also taken into account feedback provided by Industry in respect of E-ID, the use of electronic statements/utility bills and document certification. The Consolidated Handbook therefore also includes revised AML/CFT Codes (where appropriate) and guidance on these matters.
- 4.4.5 Please refer to [Appendix A](#) for an overview of the structure of the Consolidated Handbook.
- 4.4.6 A draft version of the Consolidated Handbook is available for review via this [link/attachment](#)
- 4.4.7 It should be noted that the focus of our work has been on consolidation. There are other areas of the AML/CFT Handbooks which will benefit from further enhancements to the Consolidated Handbook which will be consulted on in 2022. Areas which have currently been identified in this regard are set out in [Appendix B](#).
- 4.4.8 In creating the Consolidated Handbook we have taken the opportunity to make it more accessible and easier to navigate through the addition of:
 - 4.4.8.1 Colour-coding and an alphabetic key identifying which elements of the Consolidated Handbook are mandatory and which are guidance only; and
 - 4.4.8.2 An expandable contents pane (as employed in the various [Codes of Practice](#) on our website).
- 4.4.9 Due to the four current AML/CFT Handbooks being consolidated into one document, a track changed version of the Consolidated Handbook will not be available. However, to assist Industry in understanding the Stage 1 mapping exercise, we will be providing a series of tables setting out the text of each AML/CFT Handbook for Part 1 Sections 1-10 and stating where that text can be substantively located within the Consolidated Handbook. These tables will be published in full by 12 November 2021.

4.4.10 Question 1

Have you identified any unintended consequences of merging the AML/CFT Handbooks into one Consolidated Handbook?

4.5 Stage 2 – Extension of AML/CFT Codes

- 4.5.1 The primary effect of Stage 2 is to issue mandatory AML/CFT Codes to all supervised persons, as described at Section 4.2.4 above.

- 4.5.2 It is recognised that there may be instances where compliance with the AML/CFT Codes may produce an anomalous result. For example some supervised persons do not have a physical presence in Jersey and therefore the requirement to have the MLRO and MLCO based in Jersey would be anomalous. Any additional examples identified by Industry are welcome as part of the feedback to this consultation. These will be considered and addressed during the revision of the Consolidated Handbook.

4.5.3 Question 2

Have you identified any unintended consequences or anomalous results due to the extension of the AML/CFT Codes to cover all supervised persons?

4.6 Further work undertaken

- 4.6.1 We have taken the opportunity to integrate Part 4 Section 4.2 into Section 4.3.5 of the Consolidated Handbook as a combination of AML/CFT Codes and guidance.
- 4.6.2 Additionally, as a result of feedback received from Industry on the challenges posed by the utilisation of E-ID, electronic statements/utility bills and virtual conferencing platforms within the current Jersey regulatory framework, we have added four new AML/CFT Codes with which supervised persons are required to comply.
- 4.6.3 The AML/CFT Codes with respect to E-ID can be located at:
- 4.6.3.1 Section 4.3.5.1 (Legal and regulatory obligations relevant to E-ID); and
 - 4.6.3.2 Section 4.3.5.5 (E-ID Methods not permitted by this Handbook)
- 4.6.4 Recognising the increased use of electronic statements/utility bills, we have also introduced an AML/CFT Code at Section 4.3.2.1 (Electronic Bank Statements and Utility Bills).
- 4.6.5 We have also introduced an AML/CFT Code at Section 4.3.3.1 (Certification methods not permitted by this Handbook) to set out in greater clarity our position regarding what certification methods are not considered to be acceptable.
- 4.6.6 The new AML/CFT Codes are replicated below as [Appendix C](#).

4.6.7 Question 3

Do you consider the revised AML/CFT Codes and guidance provided in the Consolidated Handbook regarding E-ID, electronic statements/utility bills and certification of documents to be adequate for the purposes of your business? If not, please provide further detail in the comments section of this question.

4.7 Transition Period

- 4.7.1 The Consolidated Handbook will be effective from two months after the revised Consolidated Handbook is issued (the **Transition Period**). The date of issue is anticipated to be 31 January 2022.
- 4.7.2 For those supervised persons:
- 4.7.2.1 **Currently subject** to the AML/CFT Codes, the four new AML/CFT Codes in respect of E-ID, electronic statements/utility bills and certification of

documents shall be guidance only during the Transition Period. During this time, we expect these supervised persons to fully review the Consolidated Handbook and make any necessary changes to their systems and controls.

- 4.7.2.2 ***Not currently subject*** to the AML/CFT Codes, the full body of AML/CFT Codes shall remain guidance during the Transition Period. During this time, we expect these supervised persons to fully review the Consolidated Handbook and take any necessary action such as that highlighted at Paragraph 24 of Section 1.2 of the Consolidated Handbook (application to us for a variance to address anomalous result).

4.7.3 **Question 4**

Do you consider a two-month transition period to be appropriate and proportionate? If not, please provide further detail in the comments section of this question.

5 Summary of questions

Page	Question
11	<p>Question 1:</p> <p>Have you identified any unintended consequences of merging the AML/CFT Handbooks into one Consolidated Handbook?</p>
12	<p>Question 2:</p> <p>Have you identified any unintended consequences or anomalous results due to the extension of the AML/CFT Codes to cover all supervised persons?</p>
12	<p>Question 3:</p> <p>Do you consider the revised AML/CFT Codes and guidance provided in the Consolidated Handbook regarding E-ID, electronic statements/utility bills and certification of documents to be adequate for the purposes of your business? If not, please provide further detail in the comments section of this question.</p>
13	<p>Question 4:</p> <p>Do you consider a two-month transition period to be appropriate and proportionate? If not, please provide further detail in the comments section of this question.</p>

Appendix A: Overview of structure of Consolidated Handbook

See table below:

Section Number	Section Title	Sector-Specific?
0	Glossary	No
1	Introduction	No
2	Corporate Governance	No
3	Identification Measures - Overview	No
4	Identification Measures - Finding Out Identity and Obtaining Evidence	No
5	Identification Measures - Reliance on Obligated Persons	No
6	Ongoing Monitoring: Scrutiny of Transactions & Activity	No
7	Enhanced and Simplified CDD Measures and Exemptions	No
8	Reporting Money Laundering and the Financing of Terrorism	No
9	Screening, Awareness and Training of Employees	No
10	Record-Keeping	No
11	Wire Transfers	Yes
12	Trust Company Business	Yes
13	Funds and Fund Operators	Yes
14	Estate Agents and High Value Dealers	Yes
15	Lawyers	Yes
16	Accountants	Yes

Appendix B: Further enhancements to the Consolidated Handbook (identified to date)

- › Guidance notes on Terrorist Financing.
- › Guidance notes on Proliferation Financing (weapons of mass destruction).
- › AML/CFT Codes and guidance notes for VASPs and MVTs.

Appendix C: New AML/CFT Codes

1.1 Section 4.3.2.1 – Electronic Bank Statements and Utility Bills

- 1.1.1 A *relevant person* wishing to accept an electronic statement as evidence of an individual's residential address must satisfy itself, through the application of a risk-based approach, that the document presented is sufficient to meet the requirements of Article 3(4)(b) of the *Money Laundering Order*
- 1.1.2 A *relevant person* must also satisfy itself that the acceptance of an electronic statement is commensurate with the risk profile of its *customer*. For example, the use of an electronic statement may not be appropriate for a customer assessed as higher risk.
- 1.1.3 If it is concluded that an electronic statement is not appropriate, an alternative form of evidence of residential address must be obtained.

1.2 Section 4.3.3.1 – Certification methods not permitted by this Handbook

- 1.2.1 Production, viewing and screenshotting of documentation during a video call must not be used as a method of certification due to:
 - › The risk of 'deep fake' technology being utilised, whereby the video image and voice of an individual can be manipulated to look and sound like another individual. Biometric and similar matching/checking technology is considered necessary for this risk to be adequately mitigated.

The *JFSC* considers that certification by a *suitable certifier*, in line with the guidance set out at Section 4.3.3, provides assurances as to the authenticity of the document which the above-referenced method is not able to do.

1.3 Section 4.3.5.1 – Legal and regulatory obligations relevant to E-ID

- 1.3.1 The requirements under Articles 11 and 15(3) of the *Money Laundering Order* and the *AML/CFT Code of Practice* set out at Section 2.4.4 will apply in any circumstances where a part of the *CDD* process is undertaken by an independent third party via the use of *E-ID* applications, where the *customer* is not present. Accordingly, when deciding whether to make use of a particular *E-ID* application, a *relevant person* must undertake a risk assessment comprising of the following:
 - › Consider the risks involved in the use of the *E-ID* application and record the reasons why its use is appropriate
 - › Consider the risks involved in outsourcing any part of the *CDD* process to an independent third party using the *E-ID* application and record the reasons why such outsourcing is appropriate
 - › Consider whether the features of the *E-ID* application effectively mitigate the risks identified
 - › Apply any additional measures to ensure that all risks are effectively managed

- › Apply, on a risk-sensitive basis, *enhanced CDD measures* to take account of the particular risks arising due to the fact that the *customer* has not been physically present for identification purposes.
- 1.3.2 A risk assessment as described in the paragraph above is not required to be undertaken by the *relevant person* on each occasion that the particular *E-ID* application is used, but rather when considering whether to incorporate the use of that *E-ID* application into its *CDD* measures.
- 1.3.3 When using technology to on-board a *customer* remotely, i.e. when there is no face-to-face interaction because the parties are not in the same physical location and conduct activities by digital or other non-physical present means, for example when interacting via a video call, mail or telephone, *enhanced CDD measures* must be applied.
- 1.3.4 The approval by a *relevant person* of the use of one *E-ID* application must not be taken to constitute approval of the use of all *E-ID* applications. Each *E-ID* application must be risk-assessed separately and on its own merits.
- 1.3.5 The *relevant person* must ensure that adequate and effective *policies and procedures* are supporting the use of the *E-ID* application, and are catering for the technology that is being used, as well as for the *relevant person's* business practices.
- 1.3.6 The *relevant person* must ensure appropriate training is in place.
- 1.4 **Section 4.3.5.5 – E-ID Methods not permitted by this Handbook**
 - 1.4.1 Use of video calls where an identity document is produced during the call for comparison, but no biometric or similar matching/checking technology is employed, e.g. the customer just holds up their passport during a video call. This method must not be used due to:
 - › There being no independent authentication process alongside the identification document being produced, hence the process is not adequately robust.
 - › The risk of ‘deep fake’ technology being utilised, whereby the video image and voice of an individual can be manipulated to look and sound like another individual. Again, biometric and similar matching/checking technology is considered necessary for this risk to be adequately mitigated.

Whilst a *relevant person* may wish to hold a video call in order to meet a potential customer and discuss elements of the proposed *business relationship* (including **finding out identity** or other customer information), the video call must not be used for the purposes of obtaining **evidence of identity**. An *E-ID* application, or other alternative method, may be used for that purpose, enabling the independent authentication process.
 - 1.4.2 Using scanned copies of documents in themselves as evidence of identity – this method must not be used due to:
 - › The risk that an identity document has been tampered with or forged not being mitigated through the use of specialist checks. The scanned copies in this case are in effect non-certified and non-authenticated. If scanned copies are to be used as evidence, they must be independently verified/authenticated. That verification process may include, for example, the use of third party data sources or the use of an *E-ID* application in instances when such technology utilises automated verification technology in a robust and appropriate way. It may, for example, verify data embedded in the scanned document (barcodes, micro-lettering etc.).

1.4.3 Using a “selfie” photograph of the *customer* **without** it being biometrically compared/matched to the photograph on the identity document presented in order to verify that they relate to the same individual, e.g. the *customer* taking a “selfie” photograph of themselves holding up their passport – this method must not be used due to:

- › The risk that an identity document has been tampered with or forged not being mitigated through the use of specialist checks.

If, however, such a “selfie” photograph is being uploaded to an *E-ID* application which then undertakes authenticity checks to verify identity, for example by extracting machine-readable text or hologram data, and verifying the data in an appropriate, independent way to ensure it is robust, then this is an acceptable method to evidence identity.

Appendix D: List of bodies who have been sent this consultation paper

- › Chartered Institute for Securities & Investment, Jersey branch
- › Institute of Chartered Secretaries and Administrators, Jersey branch
- › Institute of Directors – Jersey branch
- › Jersey Association of Directors and Officers
- › Jersey Association of Trust Companies
- › Jersey Bankers’ Association
- › Jersey Chamber of Commerce and Industry Incorporated
- › Jersey Compliance Officers Association
- › Jersey Funds Association
- › Jersey International Insurance Association
- › Jersey Society of Chartered and Certified Accountants
- › Law Society of Jersey
- › Society of Trust and Estates Practitioners (STEP), Jersey branch