



Jersey Financial
Services Commission

Designated non-financial businesses and professions and virtual asset service providers annual update



Welcome

Jason Carpenter - Director, Supervision



Links and resources



Agenda

- Key events and updates
- 2023 SAR thematic examination
- 2024 training thematic examination
- Update from the Financial Intelligence Unit, Jersey
- Outsourcing Policy
- Common themes and FAQs



Agenda

- High Value Dealer overview
- Update from the Financial Sanctions Implementation Unit
- VASP news and updates
- Looking ahead
- Q&A





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Key events and updates

Sam Davison



Key events and updates



- › Dedicated team
- › Recast of Schedule 2 June 2023/end of transitional period
- › Reminder of mandatory AML/CFT/CPF CoP for sanctions alerts and completion of risk questionnaires
- › Outreach and engagement



Outreach & Engagement

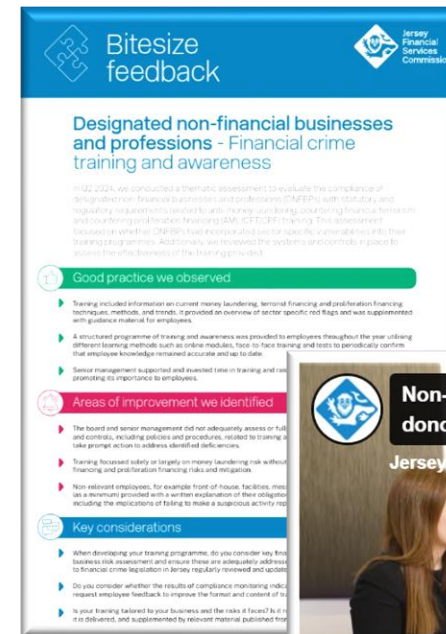
Regular meetings with trade/Professional Bodies/speaking at events

Vlogs:

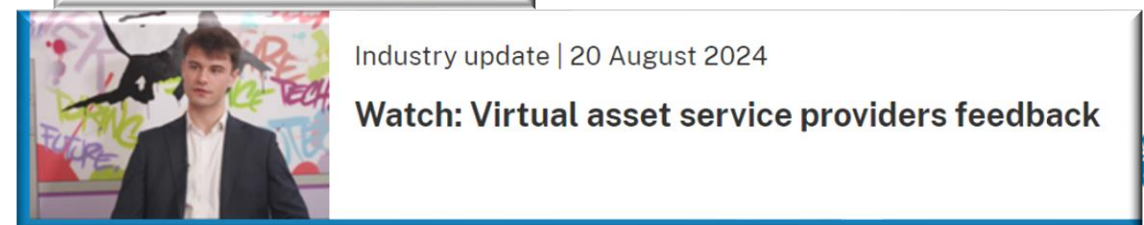
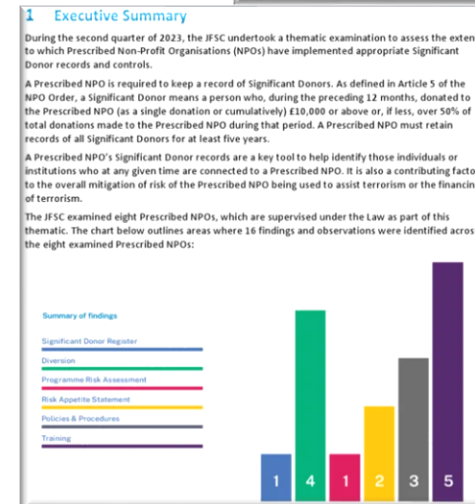
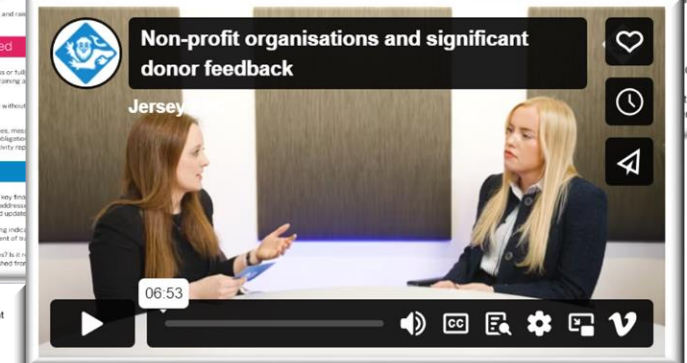
- › NPO significant donor exam feedback
- › VASP travel rule Guidance Note
- › VASP SAR exam feedback

Papers:

- › DNFBP SAR feedback paper
- › VASP SAR feedback paper
- › VASP Travel Rule Guidance Note
- › DNFBP training feedback paper
- › Estate Agents training feedback paper
- › NPO significant donor feedback paper
- › NPO Newsletters
- › VASP NRA
- › To follow:
 - › VASP Travel Rule feedback paper
 - › NPO Diversion risk feedback paper



3 Findings and good practice		
This section sets out our findings along with examples of good practice. Not all of the examples of good practice were identified during this examination.		
Area of finding	Findings	Good practice
Board/senior management responsibilities	board/senior management minutes relating to compliance/MLRO reports contained either limited references or were "taken as read" or "noted"	board/senior management minutes evidence discussions about MLRO reports, including challenge and scrutiny of the information provided
	board/senior management minutes did not include discussion and challenge of the management information provided by the MLRO in their reports	documented consideration of the levels/quality of SARs, including any resulting action points and who is responsible, which are tracked to completion
	inadequate consideration and assessment in board/senior	board/senior management minutes demonstrate routine monitoring of the performance of the MLRO/DMLRO and ensure SARs are



Moneyval quick recap and next steps

- › The report concluded that Jersey's effectiveness in preventing financial crime was among the highest level found in jurisdictions evaluated around the world
- › Great result for Jersey
- › Any evaluation report always has areas for improvement highlighted by the assessment team, and ours is no different
- › Key conclusions no "fundamental improvements" are required to the Jersey regime (no law amendments anticipated)
- › Enhance **what we do and how we do it**. Mainly guidance and/or internal processes/procedures – some further analysis needed
- › JFSC action plan will be published in November
- › Report back to Moneyval in about 2 years



Thematic examination 2023

Suspicious activity reporting obligations



Focus and aim:

- › Highlight the important role played by DNFBPs in identifying suspicious activity
- › Understand and assess DNFBPs completeness against the internal and external suspicious activity reporting obligations

During the examination we found three key areas for improvement related to:

- › Corporate governance
- › Suspicious activity reporting procedures
- › Employee training



Thematic Exam 2023 - Suspicious Activity Reporting Obligations

Good practice



Consistent MLRO reporting to the board/ senior management.
Documented discussion by the board/ senior management concerning the MLRO report



Record all declined business, with a written explanation of why the business relationship or one-off transaction was declined. The declined register and analysis should form part of the MLRO's report



Training including details on red flags to assist employees in knowing what financial crime risks to look for and how they may present in their specific business



VASP - blockchain analytics – Documented analysis/consideration of the coverage and limitations of monitoring tools (such as Blockchain analytics) and analysis of transaction patterns and user behaviour





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2024 thematic examination feedback on screening, awareness and training of employees

Kate Rogers



Thematic Examination 2024 - awareness and training of employees



Bitesize feedback

Designated non-financial businesses and professions - Financial crime training and awareness

In Q2 2024, we conducted a thematic assessment to evaluate the compliance of designated non-financial businesses and professions (DNFBPs) with statutory and regulatory requirements related to anti-money laundering, countering financial terrorism and countering proliferation financing (AML/CFT/CPF) training. This assessment focused on whether DNFBPs had incorporated sector specific vulnerabilities into their training programmes. Additionally, we reviewed the systems and controls in place to assess the effectiveness of the training provided.



Good practice we observed

- ▶ Training included information on current money laundering, terrorist financing and proliferation financing techniques, methods, and trends. It provided an overview of sector specific red flags and was supplemented with guidance material for employees.
- ▶ A structured programme of training and awareness was provided to employees throughout the year utilising different learning methods such as online modules, face-to-face training and tests to periodically confirm that employee knowledge remained accurate and up to date.
- ▶ Senior management supported and invested time in training and raising awareness, prioritising and promoting its importance to employees.



Areas of improvement we identified

- ▶ The board and senior management did not adequately assess or fully document the effectiveness of systems and controls, including policies and procedures, related to training and awareness. Additionally, they did not take prompt action to address identified deficiencies.
- ▶ Training focussed solely or largely on money laundering risk without adequate coverage of terrorist financing and proliferation financing risks and mitigation.
- ▶ Non-relevant employees, for example front-of-house, facilities, messengers or similar, were not (as a minimum) provided with a written explanation of their obligations and potential criminal liability, including the implications of failing to make a suspicious activity report.



Key considerations

- ▶ When developing your training programme, do you consider key financial crime risks outlined in your business risk assessment and ensure these are adequately addressed as part of the training? Are references to financial crime legislation in Jersey regularly reviewed and updated in training material?
- ▶ Do you consider whether the results of compliance monitoring indicate a specific training need? Do you request employee feedback to improve the format and content of training for greater effectiveness?
- ▶ Is your training tailored to your business and the risks it faces? Is it relevant to the employees to whom it is delivered, and supplemented by relevant material published from time to time by the JFSC or FIU?



Thematic exam 2024 - awareness and training

Areas of improvement



Lack of systems and controls effectiveness assessments



Training focused solely or largely on money laundering/anti-money laundering legislation without due consideration for terrorist financing and proliferation financing



Non-compliance with the training and awareness of non-relevant employees.

Thematic exam 2024 - awareness and training

Good practice



Training that includes information on current financial crime techniques, methods, and trends. The provision of red flag training and/or guidance material for employees



Training taking place throughout the year, utilising different learning methods to ensure employee knowledge remained accurate and up to date



Engaged senior management teams that valued and promoted the importance of training and awareness



UPDATE

Tommy Fernandes
Head of Engagement & Industry

October 2024

SAR Statistics

General Statistics – Information Processed

1 October 2023 – 30 September 2024

Total Number of
SARs received



1,952

Suspicious Activity Reports

Total Number of
MIRs received



4,404

Miscellaneous Information Reports

Total Number of
RFAs received



816

Requests For Assistance

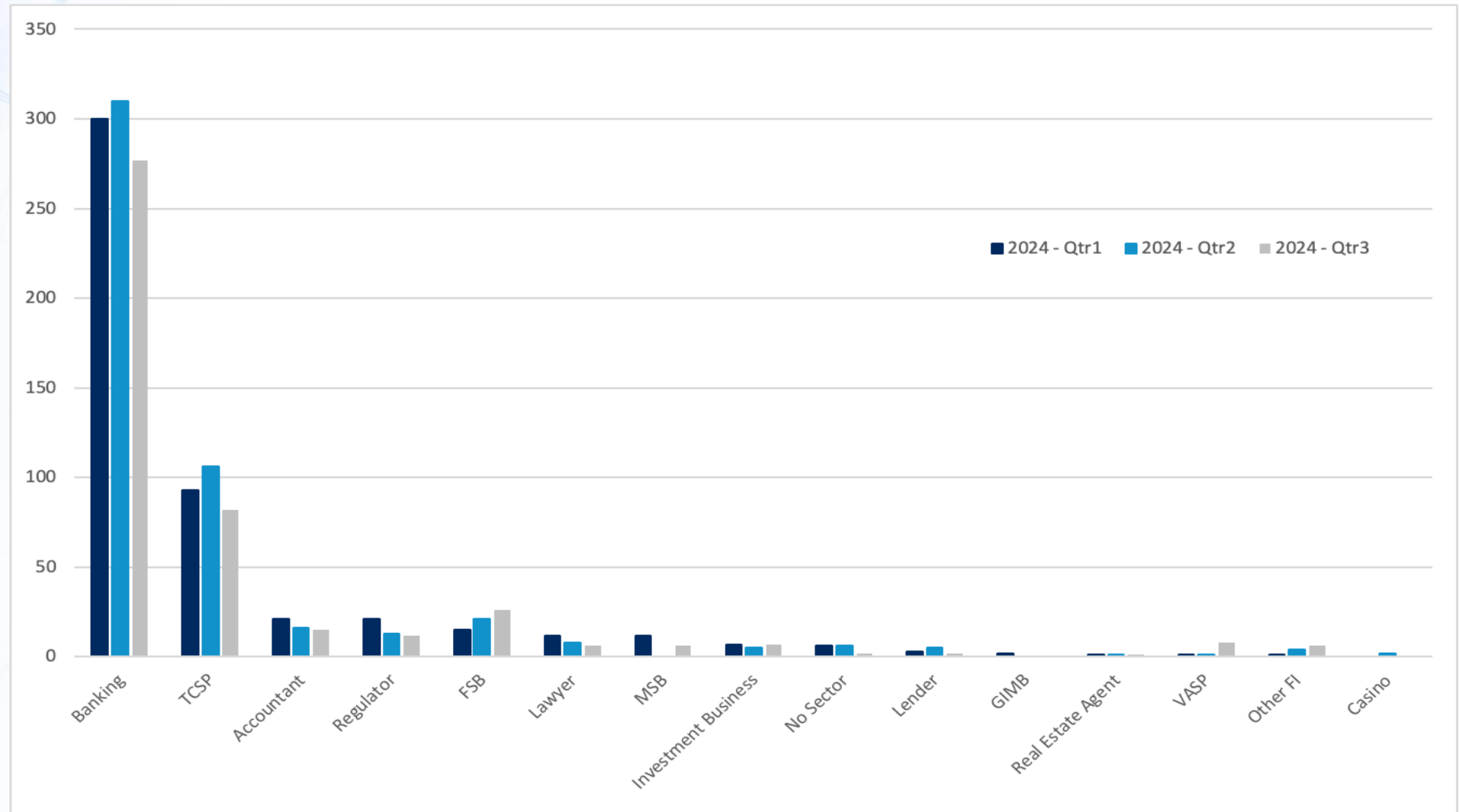
SARs by Reporting Sector by quarter

1 January 2024 – 30 September 2024 (Q1, Q2 & Q3)

FIU

Comment:

Banking was the largest reporting sector, accounting for 61.6% of all SARs submitted in Q3 2024, followed by the Trust and Corporate Service Provider (TCSP) sector (18.2%) and then the Accountancy sector (3.3%).



SARs from DNFBPs over the last year

1 October 2023 – 30 September 2024

Number of SARs by Sector

Accountant	79
Lawyer	39
VASP	11
Casino	<5
Real Estate Agent	<5
Total (approx.)	135

Submitted by entities from relevant sectors including DNFBPs VASPs, and NPOs (excluding TCSPs).

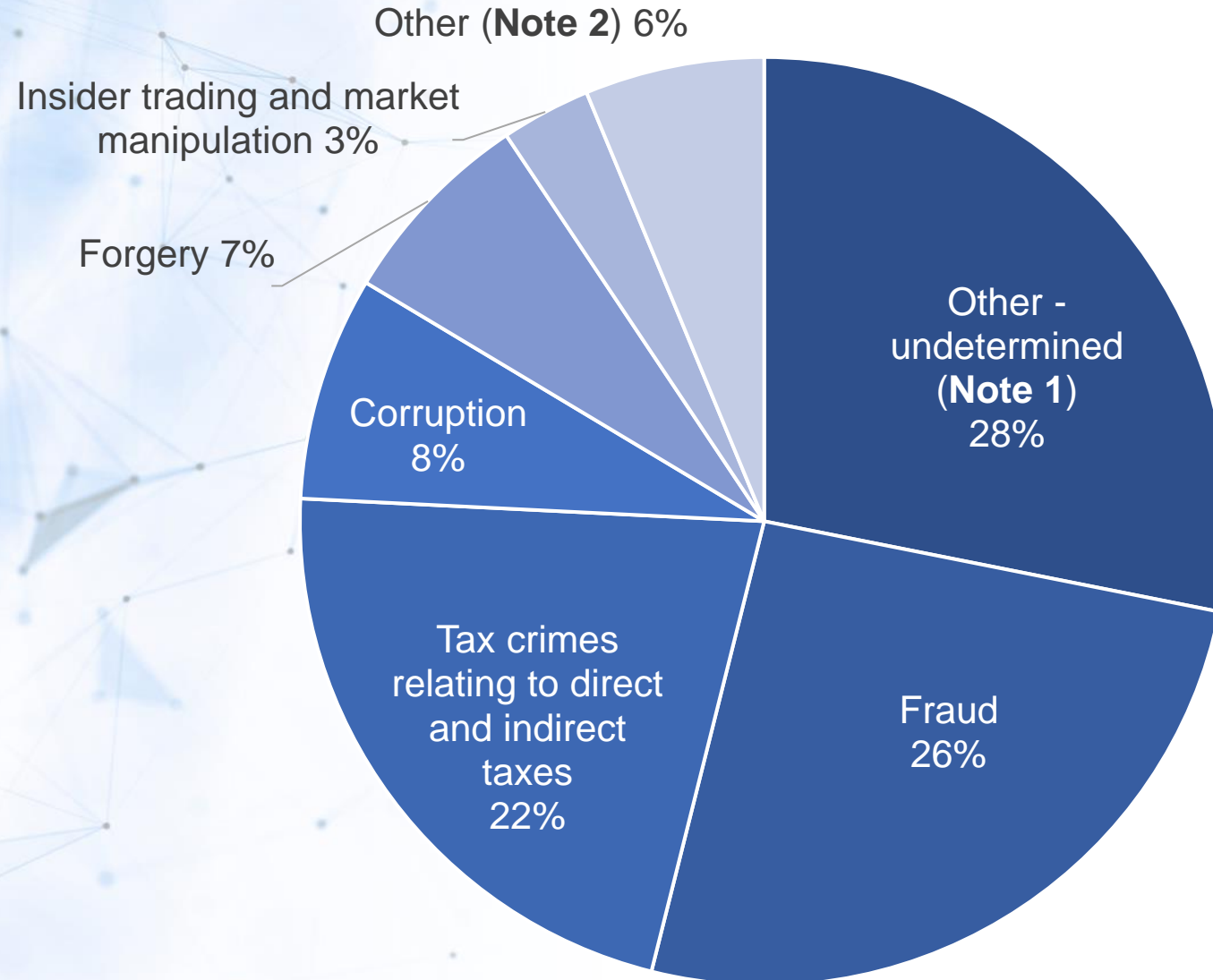
Points to note:

Of the approximate 135 SARs submitted:

- **No SARs** received from **NPOs** or **High Value Dealers**.
- **Multiple entities can be added by SAR submitters to the same SAR.** Therefore, one SAR may be counted more than once in the table opposite.
- Number of SARs opposite is approx. **<7% of total SARs** for the same 12 month period.
- Entity classification into sector is **based on data from JFSC** available to FIUJ at the time when a SAR is submitted.

Criminality suspected by DNFBPs and VASPs

Of the approx. 135 SARs submitted from 1 October 2023 – 30 September 2024



- **Note 1:** 'Other - undetermined' category includes instances when **SAR submitter could not determine the criminality suspected** or the criminality did not fit into any other categories available.
- **Note 2:** 'Other' category includes **criminality suspected that was infrequently used** by the SAR submitters. It includes Terrorism, Robbery or theft, Smuggling, Cybercrime, Environmental crime, Illicit trafficking in narcotic drugs and psychotropic substances.

Professional Enablers

What is a Professional Enabler?



Definition:

An individual or organisation that is providing professional services that enable criminality. Their behaviour is deliberate, reckless, improper, dishonest and/or negligent through a failure to meet their professional and regulatory obligations.

- Play a key role in facilitating global illicit financial flows, laundering proceeds from corruption, tax evasion and organised crime.
- A number of activities and services provided by professional enablers are considered high-risk, including company formation, tax advisory, real estate transactions and trade of high-value goods, precious metals, and stones.



2018 FATF report into Professional Money Launderers (PMLs).

“These are individuals, entities, or networks that “specialize in enabling criminals to evade AML/CFT safeguards and sanctions in order to enjoy the profits from illegal activities”. They provide expertise to disguise the nature, source, location, ownership, control, origin, and destination of funds to avoid detection and in exchange for a fee or commission.”

Professional Enablers – Example 1

How a Bangladesh minister spent more than \$500m on luxury property

Undercover sting reveals how the politician bought hundreds of overseas homes on a \$13,000-a-year salary.



By Al Jazeera Investigative Unit
20 Sep 2024



Bangladeshi PEP

Link: go.fiu.je/v2w

- **Lawyers: Charles Douglas Solicitors LLP** – its reported MLRO Subir DESAI allegedly acted on property transactions for a Bangladeshi PEP with significant USD \$500m property portfolio (300+ properties in UK)
- **Financier/loans: Market Financial Solutions** - Paresh RAJA – Loans to the minister
- **Estate agent: Moving City** (Ripon Mahmood)

So what to Jersey:

Introducers (professional enablers themselves) are jurisdiction shopping to find providers who can either knowingly or unknowingly provide services to their corrupt clients for personal gain.
– Reputational Damage, you, firm, island & more.

Professional Enablers – Example 2

Azerbaijan Laundromat

Link: go.fiu.je/xj9

Background: Hajiyeve, former chairman of the International Bank of Azerbaijan, had used a chain of trusts and shell companies from Cyprus to the Channel Islands to move tens of millions of dollars out of the state-owned lender. Resulting in asset seizure in July 2024 by NCA using unexplained wealth order.

- **Lawyers:**
 - **Mishcon de Reya** acted on purchase of UK property in 2009. Limited CDD checks.
 - **Herbert Smith Freehills** acted on purchase of golf club in 2013. - Limited SoF checks.
- **TCSP: Dentons** – served as directors on a PTC and advocated on Hajiyeve's behalf according to the minutes.
- **Family Office Services: Werner Capital** – real estate developers and investors and family office to Hajiyeve.

“That although Herbert Smith Freehills **had sought to obtain evidence** about how Mr Hajiyeve had made the money being used to buy the golf club, they received “**no documentary evidence**” to support its assessment that he had “amassed his wealth through his employment at the International Bank of Azerbaijan”.

The law firm received only “**vague and uncorroborated**” responses, including a recommendation to **consult Wikipedia**, from Werner Capital, a London company providing “family office services” to Mr Hajiyeve and his family, and a letter, provided via Werner Capital, from a “close colleague” of Mr Hajiyeve's at the International Bank of Azerbaijan.

The letter included “**no actual explanation of the source of the funds**” to be used in the golf club purchase, despite insisting that he had sufficient legitimate wealth.”

So what to Jersey:

Do assume that just because the introducer is from a professional & reputable firm that either they themselves are involved in the cover-up, or that within their firm a key person is acting as a professional enabler.

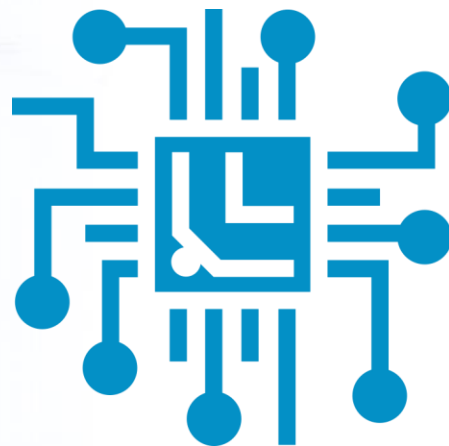
Changes at the FIU Quick Update

Changes to FIU over next 12 months



New Location (Q1 2025)

Moving out of SoJP to
Maritime House in



New Technology Partners (Q4 2024 - Q1 2025)

Allowing for increased analysis
capabilities and sources



New Legislation (Q3/4 2025)

Amending current legislation
which relates to the FIU



New Reporting Portal (Q3/4 2025)

Switching from the existing
PoISAR Portal to **GoAML**

Contacting the FIU

Email us:

fiu.admin@jersey.police.je

Submitting a report :

go.fiu.je/SAR



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Application of JFSC Outsourcing Policy to Schedule 2 Supervised Persons

Caroline McGrath



Agenda

- › JFSC Outsourcing Policy (OSP)
- › What 'Outsourcing' means
- › Application of OSP to Schedule 2 Supervised Persons
- › Exemptions from the OSP that may be relevant to Schedule 2 Supervised Persons
- › Cloud, Data Centre, Cyber Security and/or Digital ID Services to Schedule 2 Supervised Persons
- › Outsourcing Notifications by Schedule 2 Supervised Persons
- › Further guidance on the OSP for Schedule 2 Supervised Persons



JFSC Outsourcing Policy (OSP)

Following consultation, a revised OSP was issued in **January 2024**

<https://www.jerseyfsc.org/media/7793/pol-outsourcing-policy.pdf>

OSP explains the 7 Core Principles that a Schedule 2 Supervised Person must comply with where a Service Provider performs Outsourced Activity for it

OSP provides guidance in relation to Outsourced Activity which can help Schedule 2 Supervised Persons to identify if the JFSC must be notified of an activity that it Outsources



Core principle 1

A Business is responsible for and accountable to the JFSC for any Outsourced Activity



Core principle 2

1. A Business must ensure that any Service Provider performing Outsourced Activity is Fit and Proper



Core principle 3

A Business must put in place an Outsourcing Agreement with the Service Provider before the start of the Outsourced Activity



Core principle 4

A Business must maintain adequate capacity and resources to implement all necessary policies and procedures to ensure that a Service Provider continues to be Fit and Proper



Core principle 5

A Business must maintain suitable contingency plans in case a Service Provider's performance suffers a material disruption, or ends unexpectedly, for any reason



Core Principle 6

Except for where the OSP specifically provides otherwise, a Business must complete and upload an Outsourcing Notification before they appoint a Service Provider; the Service Provider must not start performing the Outsourced Activity until the Business receives a No Objection, and we must be notified of any subsequent material change to the Outsourced Activity as soon as the Business becomes aware



Core principle 7

A Business must ensure that there is nothing in the Service Provider's performance of the Outsourced Activity that would prevent or restrict our regulatory powers in respect of the Business, or the Outsourced Activity



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What 'Outsourcing' means

Outsourcing is an arrangement between a business which now includes a Schedule 2 Supervised Person and a service provider by which:

- › a service provider performs activity that would otherwise be undertaken by the business itself (**Outsourced Activity**); and
- › where that service provider's failure to perform or inadequate performance of such Outsourced Activity **would materially prevent, disrupt, or impact upon** the continuing compliance of that business' regulated activity with the applicable regulatory laws.



Application of OSP to Schedule 2 Supervised Persons

- › since **1 January 2024**, compliance with the OSP is a requirement under the Handbook for AML/CFT/CPF which aligns with the application of the AML/CFT/CPF Handbook to all supervised persons
- › all supervised persons including those supervised persons who are not subject to any other regulatory laws other than the Supervisory Bodies Law i.e. FIs, DNFBPs and VASPs etc. may now be subject to the OSP in relation to the provision of AML/CFT/CPF services unless an exemption applies under the OSP.
- › N.B. Since January 2024 only a handful of Schedule 2 Supervised Persons (lawyers, accountants and lenders) have submitted an outsourcing notification via my JFSC



Application of OSP to Schedule 2 Supervised Persons

- › for a Schedule 2 Supervised Person who is not subject to any other regulatory laws other than the Supervisory Bodies Law, the application of the OSP is limited to outsourced activity arising from its obligations pursuant to the Supervisory Bodies Law only.
- › for example, where a supervised person outsources AML/CFT/CPF compliance services such as client onboarding due diligence, monitoring etc.



Exemptions from the OSP that may be relevant to Schedule 2 Supervised Persons

- › **anti-Money Laundering Services Provider (AMLSP) services** consistent with the standards set out in the Codes and Guidance Notes for AMLSPs in the AML/CFT/CPF Handbook to a Schedule 2 Supervised Person are exempt
- › **third-party AML/CFT/CPF screening systems**, including employee screening systems, are exempt provided the Schedule 2 Supervised Person retains the decision making over the take on of the prospective client/employee (and not the service provider)
- › **cloud-based email services which are standardised and pre-packaged services that are available to the general public, such as Microsoft 365** are exempt where such services are provided by a service provider to a Schedule 2 Supervised Person



Cloud, Data Centre, Cyber Security and/or Digital ID Services to Schedule 2 Supervised Persons

- › **cloud (except for some standardised email services), data centre, cyber security, and/or digital ID services** provided by a Service Provider to a Schedule 2 Supervised Person to help it meet its obligations pursuant to the Supervisory Bodies Law must be notified to JFSC using an outsourcing notification but do not require a no objection from JFSC
- › **sub-outsourcing** by a Schedule 2 Supervised Person in the form of cloud, data centre, cyber security and/or digital ID services is **not required** to be notified to JFSC using an outsourcing notification



Outsourcing Notifications and Material Change to Outsourcing Notifications by Schedule 2 Supervised Persons

- › for reference, a proforma Outsourcing Notification and Material Change to Outsourcing Notification is included under Appendix A of the OSP
- › an Outsourcing Notification or Material Change to Outsourcing Notification must be uploaded via myJFSC (for any myJFSC account enquiries please contact RegulatoryMaintenance@Jerseyfsc.org)
- › Outsourcing Agreement to be submitted in draft with Outsourcing Notification or in final signed form on receipt on no objection unless the outsourced activity is not regulated activity
- › JFSC aim to respond within 20 days following receipt of an Outsourcing Notification with a request for further action to be taken or a no objection where required under the OSP.



Further JFSC guidance for Schedule 2 Supervised Persons

Please see Industry update issued December 2023 Guidance on our revised outsourcing policy

<https://www.jerseyfsc.org/news-and-events/guidance-on-our-revised-outsourcing-policy/>

For any queries on the application of the OSP to Schedule 2 Supervised Persons please contact:

- › DNFBPNPOVASPTeam@jerseyfsc.org for a member of your Supervisory team, or
- › policy@jerseyfsc.org for the JFSC Policy team directly





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Common themes, FAQs

Monica Giumini



Common themes and frequently asked questions

1

How do you demonstrate effectiveness?

2

What are the deregistration requirements?

3

How do I notify the JFSC of Key persons appointments and cessations?

4

What are the Property Management Registration Requirements?

5

Can we use “off the shelf” business risk assessments and compliance monitoring plans?

6

How the Guidelines for Article 36 can help you

<https://www.jerseyfsc.org/media/6447/guidelines-on-interpretation-of-article-36.pdf>





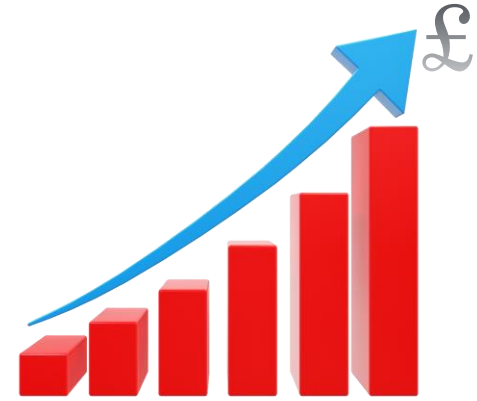
Jersey Financial
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High Value Dealers Overview

Monica Giumini



High value dealers



What is a high value dealer (HVD)?

- › A HVD is someone who deals in precious metals, precious stones or other goods, and receives a payment of at least €15,000 in cash.
- › This includes a single or multiple linked transactions
- › “Cash” includes notes, coins, travellers’ cheques and any virtual asset

Challenges and risks

Cash is a key component in organised criminal activity and criminals may try to dispose of cash through the purchase of goods.

The following is not an exhaustive list of risk indicators that a High Value Dealer may face:

- › high risk goods that are commonly used to evade tax such as alcohol or tobacco
- › a customer wants to use cash for an “off the record” sale
- › anonymous cash handing no way of tracing source and potential proceeds of crime
- › a customer appears to be breaking down the transaction to fall below the €15,000 limit
- › use of cash with no apparent commercial or personal rationale beyond anonymity
- › limited documentation

Risk arises where retailers are accepting payments and are not aware of the requirements to register and the appropriate systems and controls to be in place.



High value dealer – case study

Less common goods sold by high value dealers

A couple involved in the distribution and sale of drugs attempted to launder £20,000.

The couple initially approached local banks. The banks followed their internal policies on handling cash and refused to accept a cash deposit due to the amount and unexplained/undocumented source.

The couple also approached a local car dealership. The dealership's policy did not allow for significant cash payments. They refused to sell vehicles for cash.

The couple then approached a smaller retailer stocking a wide range of electronics, succeeding in purchasing laptops, computers and smartphones.

The retailer was not registered as a high value dealer and did not have policies on accepting significant cash payments. Despite the bill totalling over £20,000, the staff processing the transaction did not recognise this as suspicious and did not query the origin of the cash.

If they were registered as a high value dealer, they would have appropriate systems and controls in place, apply CDD and BRA measures to the couple and may have been suspicious of the nature of the transaction.

An unregistered high value dealer would be conducting unauthorised Schedule 2 business.

[Case Studies — Jersey Financial Services Commission \(jerseyfsc.org\)](https://jerseyfsc.org)



Break





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Sanctions Overview

Dan Marcos, Head of International Compliance, - FSIU, GoJ





External
Relations

Gouvernement d'Jèrri

Financial Sanctions Implementation Unit (FSIU)

Sanctions Update



Agenda

1. Introduction to the FSIU
2. Reporting obligations
3. Listing and de-listing
4. Sanctions licences and exceptions
5. Circumvention and Red Flags
6. Sanctions news and forward look
7. Q&A



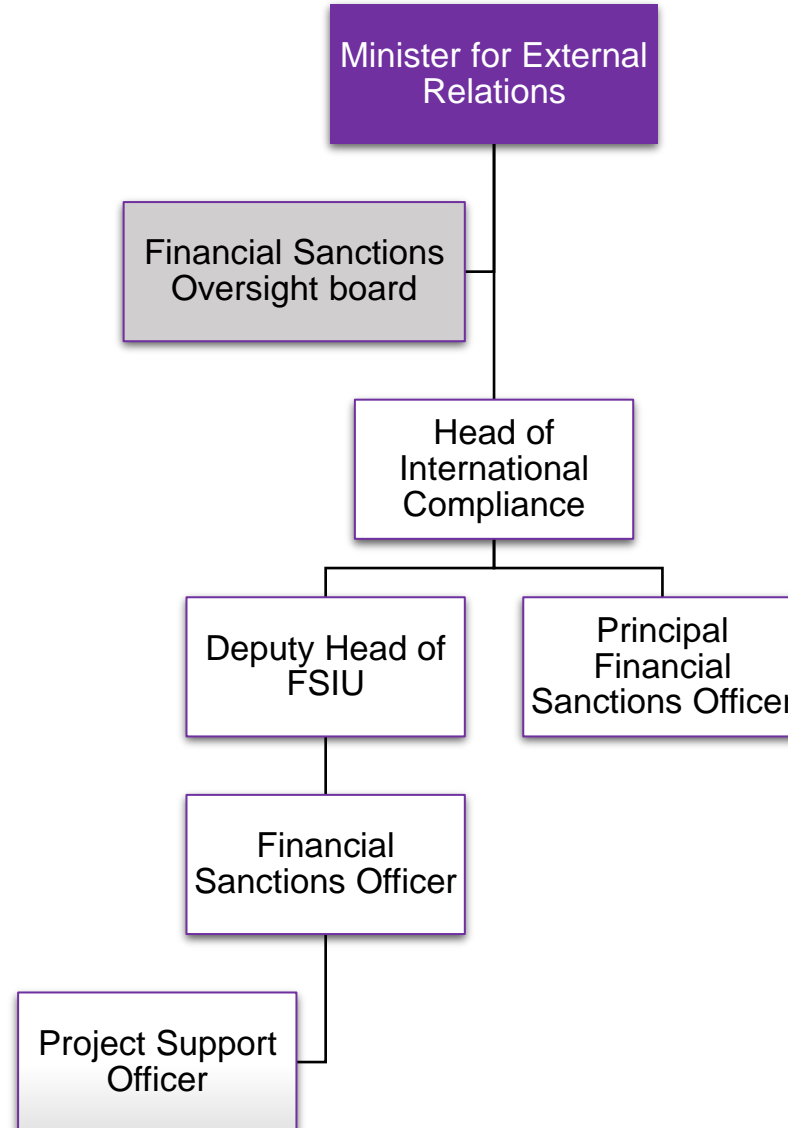
Introduction to the Financial Sanctions Implementation Unit (FSIU)



The FSIU sits within the Ministry of External Relations and supports the Minister for External Relations (the “Minister”) in his role as Competent Authority.

- Jersey sanctions legislation
- Publishing changes to the UN and UK sanctions lists
- Sanctions compliance reports
- Sanctions licence applications
- Guidance and engagement

www.gov.je/sanctions



Reporting obligations



Article 32 of the Sanctions and Asset-Freezing (Jersey) Law 2019 applies to all UN and Autonomous UK sanctions regimes

- Obligation for a relevant financial institution to inform the Minister, as soon as practicable, if
 - it holds an account of a person, has entered into dealings or an agreement with a person or has been approached by or on behalf of a person
 - it knows, or has reasonable cause to suspect, that the person:
 - i) is a designated person, or
 - ii) has committed, is committing or intends to commit an offence, and
 - the information or other matter on which the knowledge or reasonable cause for suspicion is based came to it in the course of carrying on its business

Additional reporting regulations under Russia and Belarus Regimes

- Designated Person reporting requirement
 - UK/Jersey person – Worldwide Assets
 - Non-Jersey person – Jersey Assets
 - All immovable and moveable assets over £10,000
- Immobilised Russian State Assets ("Prohibited Persons") reporting requirement
 - If holding funds or economic resources for a prohibited person, as soon as practicable
 - Reports on funds held as of 30 September to be submitted by 31 October each year



Sanctions Lists

- Listing

- New UNSC and autonomous UK asset-freeze designations are effective *immediately and automatically* in Jersey.

- Sanctions Lists

- [United Nations Security Council Consolidated List | Security Council](#)
- [The UK Sanctions List - GOV.UK \(www.gov.uk\)](#)
- [OFSI Consolidated List Search \(hmtreasury.gov.uk\)](#)

- De-listing

- For a person/entity de-listed by the UN, the de-listing *does not have legal effect in Jersey until the UK has given effect*

- Jersey Gazette

- Notices published by the FSIU to update on:
 - changes to sanctions lists
 - updates to Jersey's sanctions regime
 - additional guidance
- Register with the Jersey Gazette to receive email alerts



Sanctions licences and exceptions

Sanctions licences permit activity that would otherwise be prohibited under Jersey sanctions legislation:

○ Specific Licences

- May be issued where there is scope in the relevant UK Sanctions Regulations for an equivalent licence to be granted by the UK Treasury
- Applications should clearly state the relevant prohibitions and the grounds for issuance
- Full supporting documentation to be supplied with application
- Cannot be issued retrospectively

○ General licences

- UK General Licences issued under the UK Russia or Belarus regimes may be used in Jersey subject to relevant modifications
- Jersey General Licences may be issued by the Minister
- New Jersey General Licence – (Payments to Revenue Authorities)



Sanctions licences and exceptions

○ Licence reporting obligations

- Specific to each licence and must be submitted to the Minister
- Failure to meet reporting obligations is an offence

○ Exceptions

- Apply automatically in certain defined circumstances
- Do not require a sanctions licence to be obtained
- All reports should be submitted to the Minister

○ Sanctions licence application forms

- Can be found at www.gov.je/sanctions
- Should be submitted to sanctions@gov.je



Sanctions circumvention

○ What it is?

- Intentionally participating in activities knowing that the object or effect of them is (whether directly or indirectly) to circumvent sanctions measures

○ Why is it important?

- Undermines sanctions regimes and weakens their impact. Carries financial, reputational and legal risks

○ What to look for?

- Anything unusual or unexpected



Sanctions circumvention – Red Flags

○On-boarding:

- Names Matching Sanctions Lists / Client from a Sanctioned Country
- Reluctance to Disclose Beneficial Ownership
- Connections to High-Risk Individuals or Entities
- Lack of Proper KYC/AML
- Unclear Source of Funds

○Structuring:

- Creating complex corporate structures (layered ownership structures)



Sanctions circumvention – Red Flags

○Activities:

- Changes (especially) shortly before/after sanctions imposed
- Involvement in High-Risk Sectors
- Unusual Geographic locations
- Sudden changes in business focus

○Payments/Transactions:

- High-Risk Jurisdictions
- Unexplained Payment Methods
- Third-Party Payments or Multiple Wallets
- Unusual or Unexplained Transaction Patterns
- Commodity Exchanges
- Back-to-Back Transactions



Sanctions news and forward look

○ Office of Trade Sanctions Implementation (OTSI) launch

- Strengthens the UK's implementation and enforcement of trade sanctions
- New powers and obligations introduced relating to trade sanctions
- Signals the continued use and focus on enforcement of a broad range of sanctions

○ Proliferation Financing National Risk Assessment

- Due for publication in 2025
- Additional PF guidance will subsequently be published

○ Director disqualification sanctions

- Legislation in place in UK for all autonomous regimes (though no designations yet made)
- Disqualifies persons from being a director of a UK company or directly or indirectly taking part in or being concerned in the promotion, formation or management of a company
- May be possible to be issued a licence in certain limited circumstances
- Jersey legislation currently being drafted



External
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*Please email our team at
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Jersey Financial
Services Commission

VASP news and updates

Sam Davison



VASP news and updates



- VASP suspicious activity reporting thematic with feedback paper/VLOG
- Travel rule implemented and published guidance note/VLOG
- VASP thematic assessment on travel rule completed
- VASPs now listed on website
- Published first VASP NRA





Jersey Financial
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Looking ahead

Sam Davison



2024 - 2025



- › Moneyval action plan – the work continues on priority and non-priority actions, looking at internal processes and publishing guidance
- › Q4/2024 - Thematic on legal sector, business risk assessment, AML/CFT/CPF strategy and client risk assessments
- › 2025 – Thematic examination on outsourcing policy
- › Guidance for the NPO sector on proportionality and risk-based approach
- › VASP second phase thematic on Travel Rule to establish progress made since the publication of the Guidance Note and the first phase feedback paper
- › Next annual event – thank you in advance!
- › Continued engagement, working closely with our other agency partners, and your trade and professional bodies



Questions?





Jersey Financial Services Commission



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