

**THE HANDBOOK ON COUNTERING FINANCIAL CRIME
AND TERRORIST FINANCING
(AMENDMENT) RULES,
2020**

Made: 28 April 2020

Coming into Operation: 29 April 2020

The Guernsey Financial Services Commission (“the Commission”), in exercise of the powers conferred on it by section 49AA of *The Criminal Justice (Proceeds of Crime) (Bailiwick of Guernsey) Law, 1999*¹, section 15 of *The Disclosure (Bailiwick of Guernsey) Law, 2007*², section 11 of the *Transfer of Funds (Guernsey) Ordinance, 2017*³, section 11 of the *Transfer of Funds (Sark) Ordinance, 2017*⁴, and section 11 of the *Transfer of Funds (Alderney) Ordinance, 2017*⁵ makes the following Rules.

Citation and Commencement

1. These Rules may be cited as The Handbook on Countering Financial Crime and Terrorist Financing (Amendment) Rules, 2020.
2. These Rules shall come into force on 29 April 2020.
3. The amendments made by the Annexes shall have prospective effect from 29 April 2020.

¹ No. VIII of 1999 (Ordres en Conseil Vol. XXXIX, pa. 137), as amended by The Criminal Justice (Proceeds of Crime)(Bailiwick of Guernsey)(Amendment) Ordinance, 2018, section 1(8).

² No. XVI of 2007, as amended by The Disclosure (Bailiwick of Guernsey)(Amendment) Ordinance, 2018, sections 5(a), (b) and (c).

³ No. XXVII of 2017.

⁴ No. X of 2017.

⁵ No. 3 of 2017.

Amendments

- A. The Handbook on Countering Financial Crime and Terrorist Financing is amended in accordance with the Annex.

Dated this 28 day of April 2020

A handwritten signature in black ink, appearing to read 'C. A. Schrauwers', with a horizontal line underneath the signature.

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C. A. SCHRAUWERS

Chairman of the Guernsey Financial Services Commission

For and on behalf of the Commission

Annex

Amendments to The Handbook on Countering Financial Crime and Terrorist Financing, 2019⁶

In this Annex underlining indicates new text and striking through indicates deleted text.

Chapter 17 – Transitional Provisions

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17.2 Business Risk Assessments

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7. In order to meet the requirements of Paragraph 3 of *Schedule 3* and Chapter 3 of this *Handbook*, the firm must review its existing *business risk assessment* to ensure that it contains suitable, sufficient and separate assessments of the *ML* and *FT risks* to the firm, ~~and takes account of the conclusions of the *Bailiwick's NRA*.~~

8. For the purposes of Paragraph 17.6 above:

(a) the firm must have reviewed its *business risk assessment* and have had the revised *ML* and *FT* assessments approved by the *board* of the firm no later than ~~31 May~~ 30 September 2020; and

(b) the conclusions of *the Bailiwick's NRA* must be taken into account as part of the next review of the *business risk assessment* as required by Paragraph 3(1)(b) of *Schedule 3*.

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11. For the purposes of Paragraph 17.10 above:

⁶ No. 76 of 2019.

- (a) the firm must have reviewed and revised its policies, procedures and controls, and these must have been approved by the board, by no later than ~~31 May~~ 30 September 2020; and
- (b) the conclusions of *the Bailiwick's NRA* must be taken into account as part of the next review of its policies, procedures and controls as required by Paragraph 3(6) of *Schedule 3*.

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17.5 Existing Business Relationships

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- 27. Notwithstanding the above, the board must ensure that **all** business relationships ~~rated high risk as at the time of Schedule 3 coming in to force are subject to review by 31 December 2020, with all remaining business relationships~~ are reviewed by 31 December 2021.

Explanatory Note

The Handbook on Countering Financial Crime and Terrorist Financing, 2019 (“The Handbook”) came into force on the 31st March 2019.

The Commission makes these amendments, to The Handbook, in order to allow firms to continue work on revising their business risk assessments and policies, procedures and controls to take account of the provisions of Schedule 3 and the rules and guidance in The Handbook without delay but in light of potential business delays due to the lockdown restrictions from the Covid-19 crisis.

Under the changes firms will have until the end of September 2020 to revise and obtain Board approval of their business risk assessments and to update and obtain Board approval of their policies, procedures and controls. Additionally, firms will not be required to have reviewed high risk business relationships by 31 December 2020 but rather by 31 December 2021.

The National Risk Assessment (“the NRA”) was published in January 2020. A firm should consider the NRA’s findings and conclusions when its business risk assessments and policies, procedures and controls next fall due for review after September 2020 in accordance with the provisions of paragraphs 3(1) and 3(6) of the Schedule.