



National Strategy for Combating Money Laundering, the Financing of Terrorism and the Financing of Proliferation of Weapons of Mass Destruction



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1. Foreword: The Chief Minister, Deputy Kristina Moore

Jersey has been strongly committed to combatting all forms of money laundering, the financing of terrorism and the financing of proliferation of weapons of mass destruction for many years. This commitment, set out in this strategy document, is supported by laws, regulations and policies, and is one of Jersey's highest priorities.

As a reputable international finance centre (IFC) we take all financial crime very seriously. Our courts have recognised that the interests of Jersey as an IFC require a deterrent in the sentences imposed and our law enforcement authorities rigorously investigate allegations of financial crime. Equally, our financial services regulator, the Jersey Financial Services Commission continues to prioritise fighting and preventing financial crime along with a committed industry that it regulates. We also recognise the important role Jersey plays as an IFC in cooperating with international partners to combat financial crime which is often cross-border.

At the highest level of Government, Jersey supports the work of the Financial Action Task Force (FATF) and, as a member of MONEYVAL, is committed to fully implementing the FATF standards and actively works to contribute to the work of both organisations.

It is acknowledged that as criminals develop new approaches, Jersey needs to continually invest and enhance its protections to ensure it prevents both harm to our society and to stakeholders worldwide.

As a smaller jurisdiction, it is easier to work closely between the public and private sectors and we are committed to making the most of the opportunities that this presents. However, in order to effectively deliver this Jersey requires both to be aligned behind the same vision, strategy and actions.

In its position as a key IFC within the global market, Jersey's strategy is to act swiftly, comprehensively, and proactively to prevent and stop any money laundering, terrorist financing and/or proliferation financing along with countries across the world. Jersey is a self-governing British Crown Dependency but given its close relationship and mutual financial crime threats, seeks to work particularly closely with the UK and the other Crown Dependencies at both political, policy and operational level to enhance our efforts in this area.

As international standards develop, we will update our strategy and action plan.

All forms of financial crime cause great harm to our society and prey upon all citizens within and outside of Jersey. We are determined to anticipate, prevent, mitigate, and eradicate wherever we can across Industry and agencies.



Foreword: The Minister for Treasury and Resources, Deputy Ian Gorst



In May 2016, as I welcomed the last MONEYVAL assessment of Jersey, I said that I was pleased to see the international organisation's recognition of Jersey as a leading jurisdiction in many aspects of international cooperation and transparency.

This document, the National Strategy for Combatting Money Laundering, the Financing of Terrorism, and the Financing of Proliferation of Weapons of Mass Destruction, sets out how that will be achieved.

The Government of Jersey has a clear vision for the future of the industry, as set out in the December 2021 Financial Services Policy Framework¹. That vision is to create the environment required to enable the continued success of Jersey's financial services industry by facilitating its digital transformation, its continued compliance with global standards, and its transition into being a leading centre for sustainable finance.

The vision and strategy set out in these pages supports and aligns with that vision, which in turn aligns with the vision of the Government of Jersey. It is for the public and private sectors to deliver a holistic plan that protects Jersey against financial crime, which prevents harm to our society and stakeholders, upholds the position of Jersey as a responsible and cooperative international financial centre and supports legitimate growth and prosperity.

To put that vision more succinctly, we combat financial crime together.

I thank everyone from the government, regulators, agencies, and industry for their support in the writing of this document. It presents a coherent whole: the vision helps shape the strategic priorities, which align with the findings of the National Risk Assessments (NRAs). The National Risk Appetite defines what risks are accepted and which are not, and the risk is removed or reduced via the actions in the plan.

Overall, this contributes to one single National Financial Crime Workplan.

Jersey's contribution to the global economy, in both developed and developing countries, is significant. Jersey enables capital to move around the world, generating employment, taxation, and economic growth across many jurisdictions. The inherent risk of proceeds of crime passing through Jersey is relatively high. That is a risk that we recognise, and that we are mitigating.

Government has a long-term commitment to preventing and eliminating financial crime and are committing to additional resourcing, and identifying digital solutions, which will help Jersey meet its international financial crime obligations and ensure that our financial crime policies remain both proportionate and effective.

Jersey continually seeks to deprive criminals of the proceeds of their crime and to demonstrate that crime does not pay by stopping third-party and professional money launderers and other offenders through prosecutions, asset recovery agreements and forfeiture of assets to deprive criminals of their ill-gotten gains.

Once again, I look forward to MONEYVAL's forthcoming assessment of Jersey, as an opportunity to review the progress as we ensure that Jersey continues to be a leading international finance centre.

¹ [Policy Framework for Jersey Financial Services Industry \(gov.je\)](https://www.gov.je/policy-framework-for-jersey-financial-services-industry)

1.1 Format of Document

This strategy document can be read in its entirety, or by relevant Chapter.

Chapter 1 contains the Ministerial forewords and how to use the document.

Chapter 2 is a summary of the document.

Chapter 3 explains the vision, strategic priorities and how they link to the National Risk Appetite and the national risk assessments (NRAs). The NRAs inform the strategy and action plan. Readers who are familiar with Jersey can move from Chapter 3 directly to Chapter 9.

Chapter 4 provides an overview of the legal, supervisory and law enforcement framework, as well as a more detailed overview of the LOD and recent prosecutions. It details the governance in place and responsibilities for ownership of this strategy and the action plan.

Chapter 5 summarises the threats to Jersey as outlined in the NRAs.

Chapter 6 provides an overview of Jersey as an IFC.

Chapter 7 provides an overview of the National Risk Appetite and the work ongoing to enhance the suite of NRAs.

Chapter 8 summarises a selection of recent work undertaken since the publication of the first NRA by Jersey.

Chapters 9 and 10 summarise the national level action plan designed to deliver the strategy actions and the information that will be created to monitor progress against the plan and how it will be reviewed and regularly updated.

Throughout the document, best practice or points of particular note are identified within boxes for emphasis.

Industry should consider this strategy document when it reviews its business risk assessments (BRAs).

2. Executive Summary

National Strategy for Combatting Money Laundering, the Financing of Terrorism and the Financing of Proliferation of Weapons of Mass Destruction, 2022-26

Jersey has had a long-term commitment to preventing and eliminating financial crime. The purpose of the national strategy and action plan is to clearly document Jersey's position in supporting international efforts in the fight against all forms of financial crime and areas of focus to increase effectiveness.

The strategy includes:

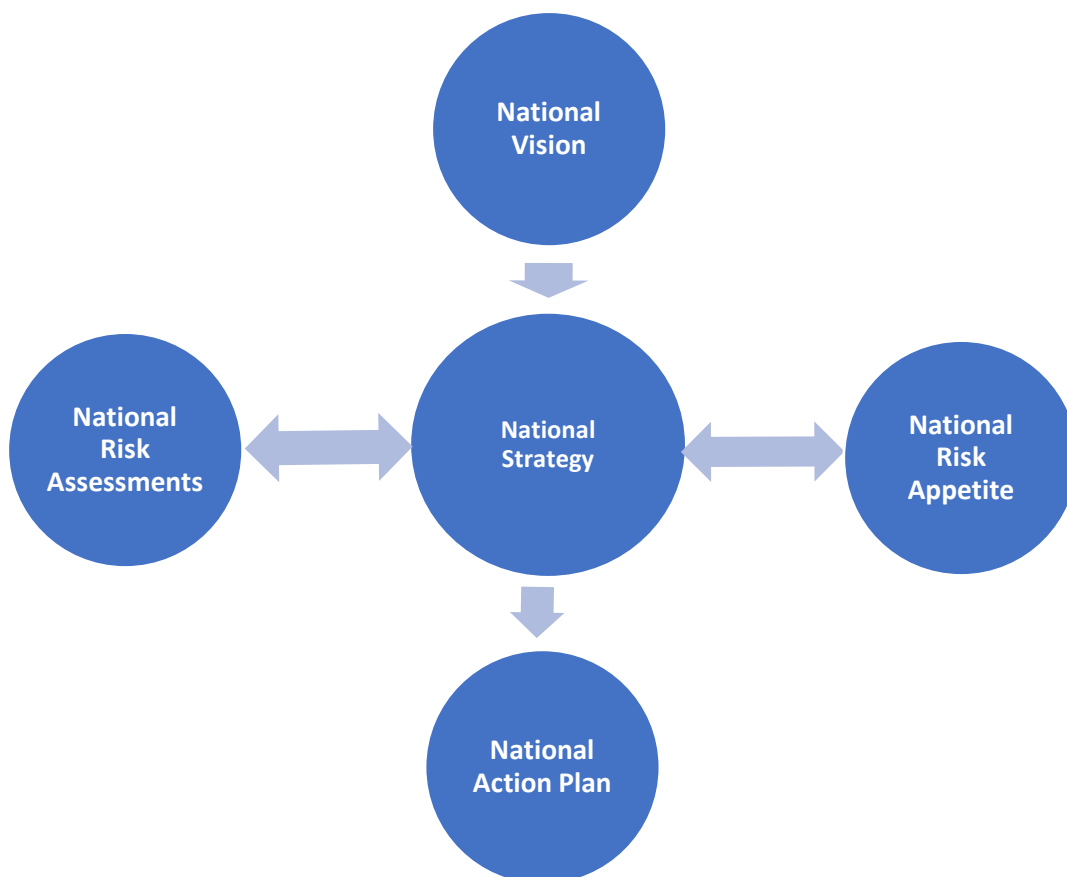
- A vision to provide a clear direction of travel as we combat financial crime together
- The strategic priorities to ensure the FATF recommendations are fully implemented
- A national action plan to deliver the strategic priorities

The vision helps shape the strategic priorities, which align with the findings of the NRAs. The risk appetite defines what risks are accepted and which are not and the overall risk is removed or reduced via the actions in the plan.

The National Strategy is published alongside the National Risk Assessments and the National Risk Appetite.

Overall these contribute to one single National Financial Crime Workplan.

Relation Between Key Documents



Vision

Jersey has a responsibility to its domestic customer base as well as to a wider international market. To ensure the continued integrity of the global financial system, Jersey must play its part in successfully combatting financial crime. This can only be achieved through cooperation between industry, government, agencies, and the regulators. Industry is the first line of defence, interacting with customers and ensuring that they know their customers. Industry invests extensively on combatting financial crime through their staff, systems and procedures.

To provide a clear direction of travel, Jersey has agreed to the following vision:

Vision: For the public and private sectors to deliver a holistic plan that protects Jersey against financial crime, which prevents harm to our jurisdictional society and international stakeholders, upholds the position of Jersey as a responsible and cooperative international financial centre and supports legitimate growth and prosperity. Combatting Financial Crime TOGETHER.

This aligns with the overall Government vision and that for the finance sector.

Strategic Priorities

Strategic Priority One: Understanding the threat and performance metrics

Outcome: Develop a better understanding of the threat posed by financial crime domestically and internationally and our performance in combatting financial crime. Increase understanding across both competent authorities and Industry of current and emerging financial crime risks and facilitating a coordinated approach to combat and mitigate those risks.

Strategic Priority Two: Better information sharing and coordination

Outcome: Pursue better sharing and usage of information to combat financial crime within and between the public and private sectors across all participants, including competent local and international parties.

Strategic Priority Three: Powers, procedures, preventative measures, and tools

Outcome: Ensure the powers, procedures, preventative measures and tools of law enforcement, the justice system and the private sector are fit for purpose and as effective as possible. Consider, implement, and monitor all international standards relevant to financial crime to ensure Jersey continues to play its part in the global fight to combat money laundering, the financing of terrorism and the financing of proliferation of weapons of mass destruction.

Strategic Priority Four: Enhanced capabilities of law enforcement, the justice system and private sector

Outcome: Strengthen the capabilities of law enforcement, the justice system and private sector to detect, deter and disrupt money laundering, the financing of terrorism and the financing of proliferation of weapons of mass destruction.

Strategic Priority Five: Risk-based supervision and risk management

Outcome: Build greater resilience to financial crime by enhancing the management of financial crime risk in the private sector and the risk-based approach to supervision. detect, deter, and disrupt money laundering, the financing of terrorism and the financing of proliferation of weapons of mass destruction.

Strategic Priority Six: Transparency and ownership

Outcome: Improve our systems for transparency of ownership of legal entities and legal arrangements.

Strategic Priority Seven: International strategy

Outcome: Deliver an international strategy to enhance Jersey's leading position on financial crime prevention with a hostile environment to criminals.

For the Action Plan Summary please go to Section 10 on page 64.

3. Vision and Strategic Priorities

3.1 Introduction

The scope of this financial crime strategy is:

- Anti-money laundering
- Countering the financing of terrorism
- Countering proliferation financing.

The financial crime threat faced by Jersey, as an international finance centre (IFC) is less of domestic and more international, and potentially 'exporting risk' to other jurisdictions. The national risk assessments (NRAs) identify that the predicate offences are usually committed outside of the jurisdiction, therefore the risks are considered from an international perspective rather than just locally, which is reflected in the actions set out in Chapter 9.

Jersey is exposed to crimes, for example from people trying to evade paying tax, professional money launderers, and fraud.

Jersey is strongly committed to tackling all forms of financial crime and combatting the financing of terrorism and countering proliferation financing. This is one of the highest priorities for Jersey and is clearly and consistently stated in national strategies and priorities, and this commitment is set out in this document.

As an IFC, Jersey takes all financial crime very seriously, as evidenced by money laundering carrying a maximum sentence of 14 years imprisonment, an unlimited fine or both. The Courts of Jersey have recognised in the sentences they have imposed that a strong deterrent is required, given Jersey's position as an IFC.

Jersey has the required laws and procedures in place to combat financial crime and will put new laws and regulations in place where it is felt they are required.

Jersey seeks to follow best practice from other IFCs, as well as working closely with the United Kingdom (UK) in a number of areas, such as the UK's strategy for countering terrorism (CONTEST) which seeks to counter terrorism and its financing, UK Financial Intelligence Units (UKFIU), UK National Terrorist Financial Investigation Unit (NTFIU), Egmont Group of Financial Intelligence Units (Egmont), Camden Asset Recovery Inter-agency Network (CARIN), International Centre for Asset Recovery (ICAR), International Anti-Corruption Coordination Centre (IACCC) (Associate member) and others.

Jersey seeks to be a 'good neighbour' and has consistently adopted international standards, demonstrated by examples such as:

- Exchange of Notes (EoN) on beneficial ownership with the UK², where Jersey has had a register since 1989
- In 2001, Jersey was one of the first jurisdictions to bring trust and company service providers (TCSPs) fully within the regulatory regime on the basis of the importance of risk and reputation. This was later incorporated into the FATF Standards
- Early adopter of Foreign Account Tax Compliance Act (FATCA) and Common Reporting Standards (CRS) to help reduce the risk of tax evasion³
- Asset recovery agreements
- Working with other IFCs assessing terrorist financing risks where their own domestic terrorist risk is low.

This strategy stresses the importance of close working between government, agencies, regulators, and industry. The interdependence of such organisations is increasingly recognised in the creation of strong financial crime prevention regimes. Most notably, Private Public Partnerships (PPPs) are a key strand of this strategy, which is becoming increasingly accepted internationally, particularly in the UK, with whom Jersey has the closest links in fighting crime.

² <https://www.gov.je/News/2019/pages/BeneficialOwnershipInformation.aspx>

³ <https://www.gov.je/TaxesMoney/InternationalTaxAgreements/IGAs/pages/commonreportingstandard.aspx>

In 2012, MONEYVAL approved⁴ Jersey and the other Crown Dependencies as being able to participate fully in the evaluation process and become subject to its procedures. The transition of Jersey fully into the global network of FATF and FATF style regional bodies (FSRBs) has acted to develop and enhance its own financial crime regime through participating in international policy development and the mutual evaluation process. This demonstrates an increasingly mature regime where Jersey actively looks to implement established best practice for IFCs and develop new best practice in areas where it can add value internationally.

At the highest level of government, Jersey strongly supports the FATF recommendations and continually seeks to fully implement the standards. FATF President 2020-2022, Dr Marcus Pleyer, stated in the Report on the State of Effectiveness and Compliance with FATF Standards⁵:

“No country can claim to have a perfect national framework to address money laundering, terrorist or proliferation financing..... Every weakness on our side is an opportunity on the side of criminals and terrorist financiers. We are determined to reduce these common deficiencies and strengthen our global approach to money laundering, terrorist and proliferation financing.”

This strategy acknowledges that, as criminals develop new approaches to their crimes, Jersey needs to continually invest in and enhance its protections to ensure it prevents harm to our society and international stakeholders. It recognises that digital solutions are a strategic way to increase compliance to regulations and hence reduce overall risk, whilst minimising the cost of service to customers.

As a small jurisdiction, it is easier for public and private sectors to work closely together. Jersey requires both to be aligned behind the same vision, strategy, and actions. Therefore, this strategy is based on the input of all the competent authorities and Industry, who have the collective goal of preventing Jersey being used for illegal means.

This strategy aligns with the term of the new Government. It is a four-year strategy, approved by the Political Steering Group (PSG), noted by the Council of Ministers, and lodged as a Report with the States of Jersey Assembly (Jersey’s Parliament).

This strategy is a dynamic one, which will be reviewed:

- Every two years
- If a global event creates a trigger of sufficient materiality, such as the 2022 Russian invasion of Ukraine.
- If an NRA identifies a significant new risk or threat that had not been previously considered and is deemed a systemic, critical threat to Jersey.

The review will consist of a reassessment of the strategic priorities and updated actions which are required to mitigate current risks.

Progress against the strategy and action plan will be monitored via the PSG which is the highest governance body on these matters in Jersey. The PSG meets monthly or on an ad-hoc basis if necessary and is chaired by the Minister for Treasury and Resources, who has responsibility for financial services.

3.2 National Strategy and Action Plan

Jersey has had a long-term commitment to preventing and eliminating financial crime. The purpose of the national strategy and action plan is to clearly document Jersey’s position in supporting international efforts in the fight against all forms of financial crime and areas of focus to increase effectiveness.

Jersey’s strategy has been developed and updated over a number of years, as has the external assessment of its progress against international standards.

⁴ <https://www.coe.int/en/web/moneyval/jurisdictions/jersey>

⁵ [Report on the State of Effectiveness and Compliance with the FATF Standards \(fatf-gafi.org\)](https://www.fatf-gafi.org/en/publications/Reports/Report-on-the-State-of-Effectiveness-and-Compliance-with-the-FATF-Standards)

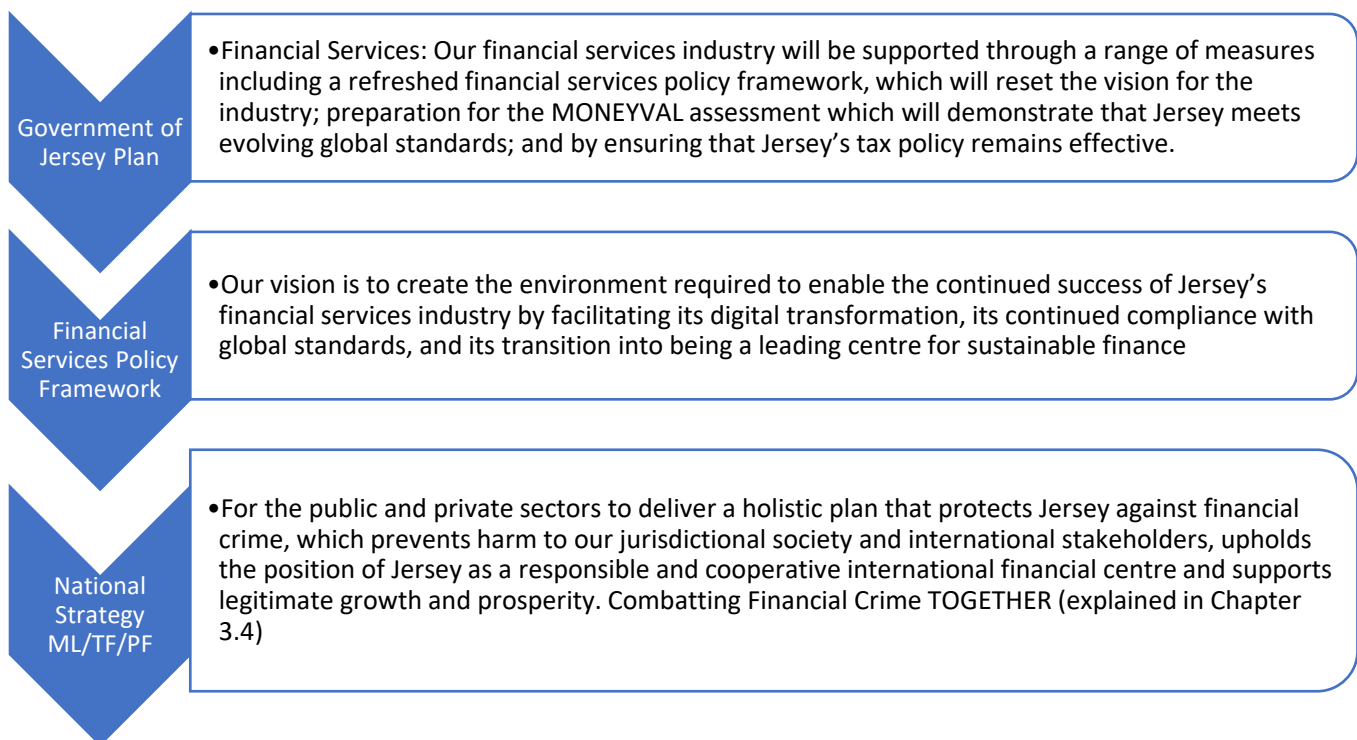
Previous strategy and national assessments:

- 2008 Island Strategy, updated 2011⁶
- Money laundering typologies 2008⁷ and 2015⁸
- 2016 MONEYVAL 4th assessment⁹
- 2018 Jersey Financial Crime Steering Group consultation paper and 2019 response¹⁰.

3.2.1 How the National Strategy Links with the Published Government Plan and Financial Services Policy Framework

The vision for the National Strategy for Combatting Money Laundering, the Financing of Terrorism and the Financing of Proliferation of Weapons of Mass Destruction aligns with the 2021 Financial Services Policy Framework¹¹ vision, which in turn aligns with the vision in the Government of Jersey plan 2022-25¹², as outlined in Table 1.

Table 1: Alignment of National Strategy Documents



In support of the vision, specific commitments were detailed in the Government of Jersey Plan 2022-25 and the 2021 Financial Services Policy Framework documents. This strategy document builds upon these previously published commitments.

For these commitments, the Government approved additional ongoing funding of £1.8m per annum to enable further recruitment into four key areas:

- Government Financial Crime Strategy Team - additional 5 Full Time Equivalents (FTEs)
- Financial Intelligence Unit - additional 15 FTEs
- Jersey Financial Crimes Unit, Operational Unit - additional 3 FTEs
- Law Officers Department - additional 6 FTEs.

⁶ [Internal Policy Statement \(gov.je\)](#)

⁷ [Money Laundering Typologies and Trends 2008 \(gov.je\)](#)

⁸ [Typologies Report \(gov.je\)](#)

⁹ [2015 MONEYVAL assessment — Jersey Financial Services Commission \(jerseyfsc.org\)](#)

¹⁰ [id response to consultation on implementation of the 2012 fatf recommendations tf.pdf \(gov.je\)](#)

¹¹ <https://www.gov.je/Government/Pages/StatesReports.aspx?ReportID=5487>

¹² <https://www.gov.je/Government/PlanningPerformance/GovernmentPlan/Pages/GovernmentPlan.aspx>

Additionally, the JFSC increased their headcount by an additional 26 FTEs from 2020 to 2021, which was funded by the industry it supervises.

The Government and all authorities are committed to regularly reviewing the adequacy of funding and will recommend increases where required.

3.2.2 How the National Strategy Aligns to the National Risk Assessments and the National Risk Appetite

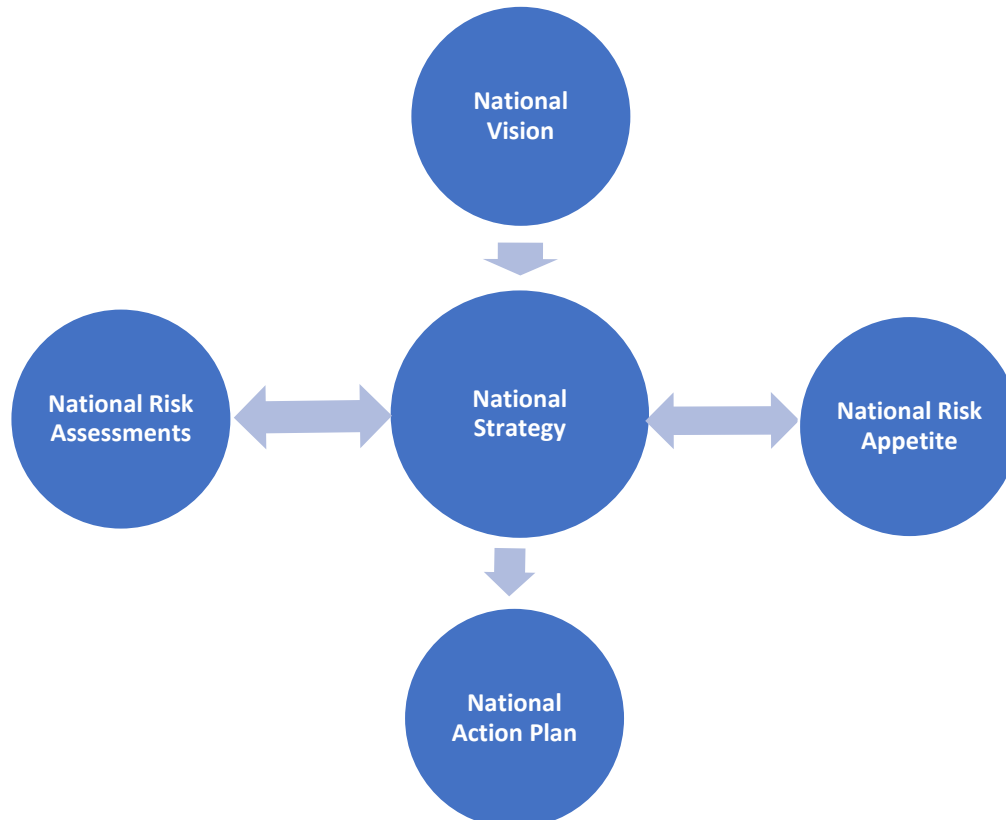
The formulation of this strategy paper has involved active stakeholder engagement. There has been good dialogue and participation, as there was with the NRAs and it has enhanced overall understanding, communication and a combined sense of purpose.

This strategy and accompanying actions are consistent with the findings of the NRAs published to date. It also draws upon the expertise of the Government of Jersey, government agencies, the Jersey Financial Services Commission (JFSC), Jersey Gambling Commission (JGC), Office of the Jersey Charity Commissioner (JCC), Revenue Jersey and industry bodies, who all supported the strategy and action plan (see Appendix 1 for full list of stakeholders).

The vision, strategy, and action plan, in combination with the NRAs and National Risk Appetite, set out the Government of Jersey’s main approaches for combatting money laundering, terrorist financing and the financing of proliferation of weapons of mass destruction. These are all documents that are designed to be updated as new risks are identified, in the knowledge that criminals/errant state entities never stand still and are also continually changing their own methods.

The vision informs the strategy. The National Risk Appetite and NRAs also inform the strategy and subsequent action plan. In addition, the NRA may inform the appetite if changes are required to eradicate/mitigate newly identified risks.

Figure 1: Relation Between Key Documents



3.3 UK Economic Crime Plan

In producing this strategy document, a number of other countries' strategies were reviewed.

Given the close links and interactions with the UK, it was decided at PSG to use the UK Economic Crime Plan¹³ (and subsequent Statement of Progress) as a best practice approach to follow.

The UK plan consists of:

- The vision
- Seven strategic priorities
- An action plan to put those priorities into action.

This approach has been followed by Jersey and allows relevant agencies to benchmark against the UK plan where it is appropriate. Many of the private and public bodies in Jersey work closely with their UK parent/counterparts.

This approach also allows progress reports to be given to PSG, as they do in the UK, where they last reported¹⁴ on 6 April 2022 that they were on course to deliver 49 of the 52 actions.

3.4 Vision

Jersey has a responsibility to its domestic customer base as well as to a wider international market. To ensure the continued integrity of the global financial system, Jersey must play its part in successfully combatting financial crime. This can only be achieved through cooperation between industry, government, agencies, and the regulators. Industry is the first line of defence, interacting with customers and ensuring that they know their customers. Industry invests extensively on combatting financial crime through their staff, systems and procedures.

To provide a clear direction of travel, Jersey has agreed to the following vision:

Vision: For the public and private sectors to deliver a holistic plan that protects Jersey against financial crime, which prevents harm to our jurisdictional society and international stakeholders, upholds the position of Jersey as a responsible and cooperative international financial centre and supports legitimate growth and prosperity. Combatting Financial Crime TOGETHER.

This aligns with the overall Government vision and that for the finance sector, see section 3.2.1.

3.5 Strategic Priorities

The strategic priorities are designed to ensure the FATF recommendations are fully implemented.

The vision emphasises the collaborative approach that is required between public and private sectors. Similar to the approach taken by the UK, the vision is delivered through seven strategic priorities, which also align well with completed and planned activities.

In January 2021 PSG approved a National Financial Crime Policy and Strategy Cooperation and Coordination Structure. As well as detailing a governance structure (see section 4.5) it documented six core values.

To ensure they fit with the core values, three of the UK strategic priorities have been expanded upon (priorities 1, 3 and 7) to ensure jurisdictional consistency across the core values and strategic priorities.

¹³ [Economic crime plan 2019 to 2022 - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/90133/economic-crime-plan-2019-to-2022.pdf)

¹⁴ <https://commonslibrary.parliament.uk/research-briefings/cbp-9013/>

Strategic Priority One: Understanding the threat and performance metrics

Outcome: Develop a better understanding of the threat posed by financial crime domestically and internationally and our performance in combatting financial crime. Increase understanding across both competent authorities and Industry of current and emerging financial crime risks and facilitating a coordinated approach to combat and mitigate those risks.

Strategic Priority Two: Better information sharing and coordination

Outcome: Pursue better sharing and usage of information to combat financial crime within and between the public and private sectors across all participants, including competent local and international parties.

Strategic Priority Three: Powers, procedures, preventative measures, and tools

Outcome: Ensure the powers, procedures, preventative measures and tools of law enforcement, the justice system and the private sector are fit for purpose and as effective as possible. Consider, implement, and monitor all international standards relevant to financial crime to ensure Jersey continues to play its part in the global fight to combat money laundering, the financing of terrorism and the financing of proliferation of weapons of mass destruction.

Strategic Priority Four: Enhanced capabilities of law enforcement, the justice system and private sector

Outcome: Strengthen the capabilities of law enforcement, the justice system and private sector to detect, deter and disrupt money laundering, the financing of terrorism and the financing of proliferation of weapons of mass destruction.

Strategic Priority Five: Risk-based supervision and risk management

Outcome: Build greater resilience to financial crime by enhancing the management of financial crime risk in the private sector and the risk-based approach to supervision. detect, deter, and disrupt money laundering, the financing of terrorism and the financing of proliferation of weapons of mass destruction.

Strategic Priority Six: Transparency and ownership

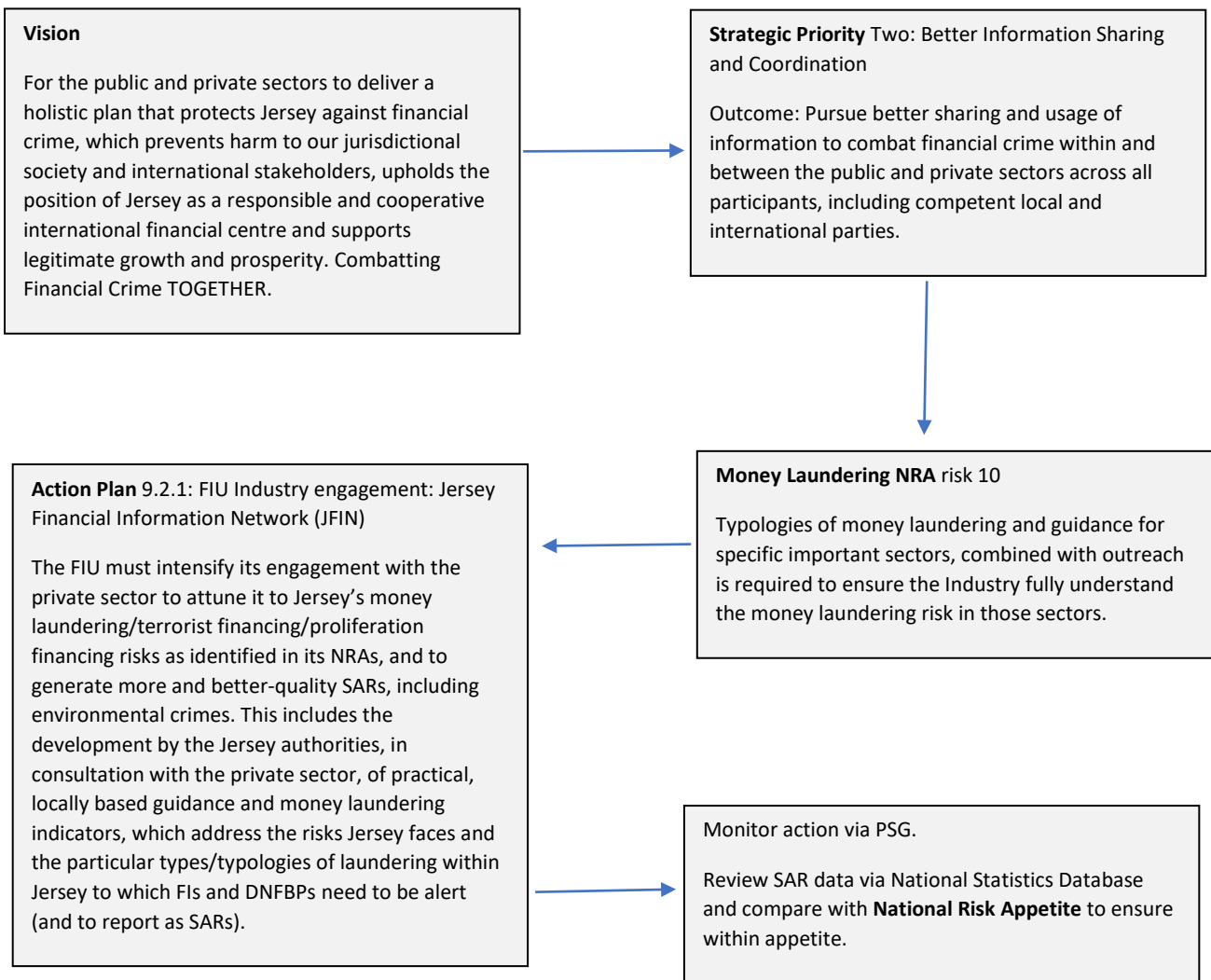
Outcome: Improve our systems for transparency of ownership of legal entities and legal arrangements.

Strategic Priority Seven: International strategy

Outcome: Deliver an international strategy to enhance Jersey's leading position on financial crime prevention with a hostile environment to criminals.

Figure 2: How the Strategic Priorities Drive Action

Figure 2 uses a specific example of the Financial Intelligence Unit (FIU) demonstrating how the strategic priorities link to the money laundering NRA actions and the overall action plan.



The strategic priorities are part of an ‘eco-system’ with the vision, national risk assessments (NRAs), risk appetite and action plan.

The vision helps shape the strategic priorities, which align with the findings of the NRAs. The risk appetite defines what risks are accepted and which are not, and the overall risk is removed or reduced via the actions in the plan.

Overall this contributes to one single National Financial Crime Workplan.

3.5.1 Public Private Partnerships

Government has a role in coordinating the whole system response to financial crime. Leveraging on the UK’s Joint Money Laundering Intelligence Team (JMLIT) and the UK’s Economic Crime Plan commitments, the strategic ambition is for the Government of Jersey to develop and expand a PPP structure in order to join up existing partnerships (Jersey Fraud Prevention Forum and others) and create new partnerships to work on new and emerging issues, all with the aim of enhancing the overall approach to combat financial crime.

Through the creation of a formalised PPP structure, and aligned governance protocols, the Government of Jersey plans to bring greater coherence to public-private engagement and leverage capability from public and private partners to deliver on the ambition.

PPPs have been under continuous development since 2015 and now present an internationally recognised approach for jurisdictions in the world of fighting financial crime. It is becoming increasingly accepted internationally that jurisdictions who have close cooperation between the public sector and the private sector in partnership arrangements are more effective in efforts to counteract money laundering, terrorist financing and proliferation financing, than those which do not have such arrangements in place. These partnerships do not replace the traditional mechanisms for obtaining confidential information but complement them.

After the FATF Private Sector Consultative Forum in 2016, they stated¹⁵: *“Financial intelligence offers huge opportunities and public-private sector partnerships should be playing a much more effective role in safeguarding the integrity of the international financial system and contributing to safety and security.”*

As detailed in a report by White and Case¹⁶ *“Winning the AML Intelligence War with Public Private Partnerships”*, the authors highlight a number of examples of global best practice:

- **UK** - A structured approach was introduced in 2015 with the formation of the JMLIT. It now comprises more than 40 financial institutions, the Financial Conduct Authority, the UK fraud prevention service, and law enforcement agencies (LEA). JMLIT has a number of publicised success stories
- **US** - In 2017 the Treasury’s Financial Crimes Enforcement Network (FinCEN) formalised its own PPP approach
- **Germany** - In 2019 a PPP was established, with the Anti Financial Crime Alliance (AFCA) facilitating information exchange between the public and private sectors, to jointly identify new trends and improve reporting.

In H2 2022 the Quad Island FIU Group consisting of the financial investigation units from Jersey, Gibraltar, the Isle of Man and Guernsey will formally join the UK JMLIT. This will enhance the relationship between the UK, Jersey, and other small island jurisdictions in the sharing of intelligence and the fight against financial crime both on a national and global scale.

¹⁵ [Documents - Financial Action Task Force \(FATF\) \(fatf-gafi.org\)](https://www.fatf-gafi.org/en/documents/financial-action-task-force)

¹⁶ [Winning the AML Intelligence War with Public Private Partnerships | White & Case LLP \(whitecase.com\)](https://www.whitecase.com/insights/publications/winning-the-aml-intelligence-war-with-public-private-partnerships)

4. Legal, Supervisory and Law Enforcement Framework

This section provides an overview of the legislation, tools, procedures, and agencies that collectively create the framework to prevent all forms of financial crime.

4.1 Introduction

The Government of Jersey sets the overall national strategy to combat money laundering, the financing of terrorism and the financing of proliferation of weapons of mass destruction. This document sets out that strategy.

The Government also writes the National Risk Appetite and coordinates the compilation and publication of the suite of NRAs and their ongoing updates. The NRAs recognise the jurisdictional risks and this strategy and action plan acknowledge these risks and then sets out the actions to mitigate against them.

The JFSC authorise, supervise and enforce against non-criminal breaches. They publish and update the AML/CFT/CPF Handbook, the codes of practice and guidance.

The FIU is responsible for receiving intelligence including suspicious activity reports (SARs) and they disseminate that intelligence when appropriate. The LOD/Economic Crime and Confiscation Unit (ECCU) prosecute criminal breaches.

Industry puts in place robust policies, procedures, systems and controls. It ensures its employees know their responsibilities and are following what is required of them. Industry is the first line of defence (as part of the three lines of defence model as outlined by the Basel Committee on Banking Supervision¹⁷).

4.2 The Anti-Money Laundering Regime

Jersey takes all steps to minimise the abuse of the international financial system by criminal actors. These efforts are based on the standards developed by the FATF, the inter-governmental body that sets international standards aimed to prevent this unlawful activity and the harm it does to society. International conventions including the Vienna Convention (1998), the Palermo Convention (2000), the UN Convention against Corruption (2003) and the Terrorist Financing Convention (1999) have also all been extended to Jersey and implemented accordingly. Therefore, Jersey has a robust suite of legislation and a dissuasive array of financial crime sanctions at its disposal.

The legislative framework for AML/CFT in Jersey is the Proceeds of Crime (Jersey) Law 1999 (POCL) and the Money Laundering (Jersey) Order 2008 (the Money Laundering Order), which imposes on regulated businesses a requirement to maintain policies and procedures that prevent or forestall the risk of money laundering occurring across their services lines. Failure to comply with or contravene the Money Laundering Order is a criminal offence. Additionally, the Forfeiture of Assets (Civil Proceedings) (Jersey) Law 2018 (the Forfeiture Law) provides authorities with powers to investigate, freeze and, where appropriate, to request forfeiture of property, which is suspected to be obtained from, or in the course of, unlawful conduct. The Forfeiture Law is similar to the Unexplained Wealth Order provisions in England and Wales but provides authorities with more extensive powers.

The Money Laundering Order and the AML/CFT/CPF Handbook sets out the requirements that regulated financial institutions (FIs) and designated non-financial businesses and professions (DNFBPs) must follow when carrying on financial services business: (i) in or from within Jersey or (ii) either a Jersey body corporate, or other legal person registered in Jersey.

Article 11(1) requires a relevant person to establish and maintain appropriate and consistent policies and procedures (that take account of risk in respect of the person's financial services business, and financial services business carried on by a subsidiary), in order to prevent and detect money laundering.

¹⁷ [Sound management of risks related to money laundering and financing of terrorism \(bis.org\)](https://bis.org)

In January 2022, the States Assembly adopted significant amendments to the Financial Services Commission (Jersey) Law 1998 (the Commission Law), which enables the JFSC to enforce contraventions of the Money Laundering Order by the enforcement of civil penalties. When sentencing corporate offenders, the Royal Court has made it clear it must pass sentences that have a strong deterrent element. This is to maintain Jersey's reputation as a centre of financial excellence and integrity.

4.3 General Preventative Measures

Customer Due Diligence

The Money Laundering Order prescribes that a relevant person (a person carrying on a financial services business as described in Schedule 2 of the POCL) must apply identification measures before the establishment of a business relationship or carrying out a 'one-off transaction' equal to or above a set threshold. 'Identification measures' is defined and is consistent with customer due diligence (CDD) measures required under FATF Recommendation 10. CDD is also required when there are suspicions of money laundering and where there are doubts about the veracity or adequacy of documents, data or information previously obtained. Identification measures must be applied to the customer, the beneficial owner/controller of the customer and any third parties for whom the customer acts.

The Money Laundering Order requires a relevant person to apply enhanced CDD measures to a number of specific relationships and in any situation which, by its nature, can present a higher risk of money laundering.

The Money Laundering Order mandates ongoing monitoring which consists of: (i) scrutinising transactions undertaken throughout the course of a business relationship and (ii) keeping documents, data, or information up to date and relevant.

Record Keeping

The Money Laundering Order states a relevant person must keep a record comprising: (i) a copy of evidence of identity obtained pursuant to the application of CDD measures and all of the supporting documents, data or information for at least five years after the date on which the relationship ends or a one-off transaction is completed and (ii) a record containing details relating to each transaction carried out in the course of any business relationship or one-off transaction for a period of five years from the date when the transaction was completed.

Additionally, the AML/CFT/CPF Handbook also require that all documents related to risk assessments, SARs, corporate governance and information regarding screening, awareness and training of employees must be kept for a period of at least five years.

Reporting of Suspicion

Relevant persons are required to make a report where they know or suspect, or have reasonable grounds for knowing or suspecting, that another person has committed an offence. The report must be made to: (i) a police or customs officer or (ii) a money laundering reporting officer (or other designated officer) in line with procedures established by an employer. It is an offence to fail to make a report and a person who is guilty is liable to imprisonment for a term up to five years, a fine, or both.

In addition, 'protective' reports may also be made such that, so long as certain conditions are met, the person shall not be guilty of a money laundering/terrorist financing offence. Protection is available if the person making a disclosure does so in good faith and: (i) if the disclosure is made before the person does the act in question, the act is done with the consent of a police officer or (ii) if the disclosure is made after the person does the act in question, it is made on the person's own initiative and as soon as reasonably practicable after the person does the act in question.

Cross-Border Cash Controls

The Customs and Excise (Jersey) Law 1999 (the Customs Law) imposes a regime requiring 'cash' to be disclosed to a customs officer on request and describes the penalties that may be imposed for anyone who refuses to make a disclosure, makes an untrue disclosure, or fails to produce cash or baggage when requested to do so.

An officer may require a person who is exporting or importing goods (accompanied or unaccompanied freight) or entering or leaving Jersey with cash in baggage or on their person, to disclose if they are exporting or importing cash with a value in excess of EUR 10,000 (or equivalent) and to answer questions in respect of any such cash.

Non-Profit Organisations (NPO)

The Non-Profit Organisations (Jersey) Law 2008 (the NPO Law) requires NPOs to register with the Jersey Financial Services Commission (JFSC). Information required for registration includes: the amount of funds to be raised in a year, the amount of funds to be disbursed, and jurisdiction in which funds are to be raised and disbursed. In addition, it is necessary to present a brief statement of purpose, objectives, and activities.

The NPO Law requires an NPO to update the information provided to the JFSC at the time of registration, or subsequent to registration, where it changes. The NPO Law requires an NPO to keep financial records and to retain them for at least five years. It must also make those records available to the JFSC to enable it to carry out its functions under the NPO Law.

Legal Persons

A TCSP must be used to form a legal person, except in the case of a company with locally resident shareholders whose identity must be found out and verified by the JFSC. Following registration, each legal person must maintain (at least) a registered office in Jersey, and all providers of registered office by way of business must be TCSPs or fund services business (FSB) providing a registered office for a fund vehicle.

All legal persons are required to submit details of beneficial ownership to the Companies Registry, an arm of the JFSC, which is held on a central register.

The Companies Registry applies the Sound Business Practice Policy¹⁸ (SBPP) to legal persons and arrangements (excluding trusts) which sets principles regarding activities that are considered to be sensitive, and which are considered likely to present a reputational risk. Legal persons are also expected to follow the Government of Jersey's statement on abusive tax schemes.

Legal Arrangements

Treatment of legal arrangements varies depending on the type of arrangement. Limited partnerships are required to register with the JFSC Companies Registry and beneficial ownership and controller requirements are currently specified in consents issued under the Control of Borrowing (Jersey) Order 1958.

Trusts are not subject to registration requirements but are governed by the Trusts (Jersey) Law 1984. The Money Laundering Order applies to persons acting as a trustee by way of business and by extension through the Proceeds of Crime (Duties of Non-Professional Trustees) (Jersey) Order 2016, to non-professional trustees, setting out beneficial ownership and controller requirements.

¹⁸ [Sound Business Practice Policy \(jerseyfsc.org\)](http://jerseyfsc.org)

4.4 Agencies

Joint Financial Crimes Unit and Financial Intelligence Unit

The FIU is prescribed as Jersey's financial intelligence unit under the Proceeds of Crime (Financial Intelligence) (Jersey) Regulations 2015, made under Article 41B of the Proceeds of Crime (Jersey) Law 1999.

The FIU receives and investigates SARs and responds to requests for assistance (typically from overseas units on anti-money laundering/combating the financing of terrorism/counter proliferation finance (AML/CFT/CPF) enquiries), as well as miscellaneous information reports from a variety of sources.

As a member of the Egmont Group, Jersey works worldwide with other units to support cross-jurisdictional law enforcement and intelligence exchange. In addition, assistance is provided to overseas law enforcement authorities whenever appropriate. Officers participate in Egmont Group meetings with a view to exchanging financial intelligence and sharing experience.

The Joint Financial Crimes Unit (JFCU), in the States of Jersey Police, has acted as Jersey's FIU for a significant period of time as an operational police department. Recently approved legislation has established the FIU as a distinct entity which will work with other local LEAs such as the JFCU Operations (which remains part of the States of Jersey Police) and the ECCU and other competent authorities. The legislation has given the FIU operational independence and autonomy as required by international standards.

Other agencies support the FIU with consideration of investigations. There are two formal mechanisms:

Triage process: The FIU meets weekly, if required, with the JFSC, LOD and Revenue Jersey to review the grading (and hence priority) of intelligence received during the prior week. It provides an opportunity for close collaboration with other agencies and for the FIU to access additional jurisdictional expertise. The FIU proceeds with intelligence analysis and development and are the ultimate arbitrators. This working group provides early decision-making, surrounding the dissemination of intelligence and best ultimate outcomes.

Tripartite Group: The FIU meets monthly (or by request in urgent cases) with the JFSC, ECCU and JFCU Operational Units to discuss intelligence packages produced by the FIU and other agencies which are shared with the group. Packages are presented by each agency for discussion and to decide which agency is best placed to take on and progress the intelligence to an investigation stage.

By the nature of being an IFC, Jersey's LOD is dependent upon overseas assistance in many cases, which sometimes causes delays in receiving evidential material that can be used to progress investigations. During this time the FIU, which has developed the intelligence in a timely manner, is then potentially required to manage the ongoing dialogue with reporting entities and law firms representing clients under suspicion, for a prolonged period of time.

Jersey Customs and Immigration Service

Jersey Customs and Immigration Service (JCIS) has a team of officers working within JFCU-Operational Units who have responsibility for asset-tracing investigations that run parallel to drug trafficking investigations. JCIS also conducts asset-tracing investigations where commercial importations of illegal drugs are involved.

JCIS also has responsibility for policing the Island's border, including under Part 5A of the Customs Law. At the borders, JCIS officers are actively looking for the movement of cash. Data is captured to monitor this activity. In addition, regular testing takes place of the process at the entry points, such as the Post Office and Jersey Airport. A recent case¹⁹ was prosecuted where a person came to collect the proceeds of crime and was arrested at the border.

Under the customs framework built to accommodate post-Brexit processes, Jersey is part of the UK Customs Union. These processes are used to prevent controlled goods being moved.

¹⁹ [Former escort avoids jail after trying to leave Jersey with £8,000 of suspected drug money - Jersey Evening Post](#)

Law Officers' Department

The LOD comprises the Attorney General (AG) and the Solicitor General (SG), the AG's deputy, together with other advocates, solicitors and legal professionals.

The AG has statutory investigatory powers in respect of cases of serious or complex fraud, under the Investigation of Fraud (Jersey) Law 1991 (the Investigation of Fraud Law). The AG is the sole prosecuting authority in Jersey.

The LOD consists of the Criminal Division and the Civil Division supported by a small administrative team. The Criminal Division is divided into three teams: the Criminal Court Team, the ECCU and the Mutual Legal Assistance (MLA) Team.

The ECCU also identifies and prosecutes systems and controls failings (preventative measures) contrary to the Money Laundering Order.

The AG is also responsible for MLA. The work involved in this area includes gathering evidence for use in overseas criminal or civil asset recovery investigations and proceedings, as well as freezing and confiscating the proceeds of crime and drug trafficking.

The ECCU is the sole agency within the LOD that also investigates and applies for civil asset forfeiture orders under the Forfeiture of Assets Law. This process is used where a criminal prosecution against a natural person is not possible due to technical or other evidential deficiencies.

FATF Report on the State of Effectiveness and Compliance with FATF Standards²⁰

Criminal justice frameworks to tackle money laundering and terrorist financing are now in place and most countries have financial intelligence units, designated authorities for financial investigations (for both money laundering and terrorism) and specialists tasked with asset recovery for identifying and confiscating the proceeds of crime. Countries are also exchanging more information with international counterparts.

Nevertheless, investigations and prosecutions of money laundering and terrorist financing remain rare in most countries, particularly for complex cases or cases involving a cross-border element, despite some strong international cooperation among countries. Furthermore, only a tiny fraction of all proceeds of crime are recovered. As such, convictions for money laundering are often not in line with the major risks identified within each country.

Countries need to significantly improve the functioning of criminal justice frameworks by increasing specialised expertise, prioritising largescale money laundering operations and targeting terrorist financing networks in-line with risks, as well as apply proportionate and dissuasive penalties. It is critical therefore, that the FATF take action to help countries address the asset recovery deficiencies identified in the evaluation of their national frameworks, and to support international initiatives to increase the recovery of criminal proceeds.

Jersey Financial Services Commission

The Jersey Financial Services Commission (JFSC) is an independent statutory body established under the Commission Law.

The JFSC is the supervisor for AML/CFT/CPF purposes, tasked with monitoring and supervising compliance by FIs and DNFBPs. From late 2022 Virtual Assets Service Providers (VASPs) will also be captured by the supervisory regime, as will Prescribed NPOs from 1 January 2023. The Proceeds of Crime (Supervisory Bodies) (Jersey) Law 2008 (the Supervisory Bodies Law) provides the JFSC with supervision powers with regard to AML/CFT/CPF matters. It provides that the JFSC is to be the supervisory body to exercise supervisory functions in respect of any regulated person and in respect of any supervised business carried on by that regulated person.

²⁰ [Report on the State of Effectiveness and Compliance with the FATF Standards \(fatf-gafi.org\)](https://www.fatf-gafi.org/publications/fatfreports/documents/fatf-report-on-the-state-of-effectiveness-and-compliance-with-the-fatf-standards)

The Supervisory Bodies Law gives the JFSC power to do anything that is calculated to facilitate, or that is incidental or conducive to, the performance of any of its functions under that Law. This includes, for example, a general power to conduct reasonable routine examinations. The JFSC is also able to require the provision of information and documents, to conduct investigations, and with appropriate authority, to enter and search premises.

The JFSC's application of its risk-based approach allows its JFSC's Supervision Division to focus resources on higher risk entities while maintaining a comprehensive programme of AML/CFT/CPF examinations across all FIs and DNFBPs. In future this will also extend to new regimes. The JFSC uses a combination of thematic reviews, off-site and on-site examinations to test compliance with the AML/CFT/CPF regulatory framework. The dedicated Financial Crime Examination Unit leads entity-specific and thematic examinations which, where appropriate, may lead to further investigative work through the JFSC's Enforcement Division or the JFSC's Heightened Risk Response Team within Supervision. In all cases, comprehensive reports are provided to industry to ensure that lessons learned are shared in order to drive up best practice²¹.

The JFSC operates the Companies Registry which registers Jersey companies, partnerships, foundations, and business names, and administers the Control of Borrowing (Jersey) Law 1947. In 2022, the JFSC introduced a Registry Supervision function that assesses Registry entities for compliance with their legal obligations in respect of beneficial ownership and control, and works with the JFSC's Central Operations function to perform ongoing monitoring of the Registry such that Jersey maintains adequate, accurate and up-to-date information on beneficial ownership and control.

In addition to conducting investigations where the JFSC has identified potential breaches of the regulatory framework, the Enforcement Division coordinate intelligence gathering activities and cooperation with other Island agencies on an operational level. The JFSC's Supervision, Enforcement, and the Companies Registry are supported by the Central Policy Team who work collaboratively with government, agencies, and industry representative bodies to enhance the legislative framework and regulatory rulebook.

A core function of the JFSC is performing outreach and engagement activities²² to support industry's awareness and understanding of their AML/CFT/CPF obligations. This work is centrally coordinated and closely aligned to government's national outreach and engagement activities.

The JFSC is part of the Group of International Finance Centre Supervisors²³ (GIFCS). The GIFCS is a long-established group of financial services supervisors with a core interest of promoting the adoption of international regulatory standards especially in the banking, fiduciary and AML/CFT/CPF arena. The JFSC underwent a mutual evaluation²⁴ by the GIFCS in 2019 and was found to be compliant, or largely compliant, across the ten areas of assessment.

The JFSC is also a member of the International Organisation of Securities Commissions (IOSCO), the International Association of Insurance Supervisors (IAIS), and the Enlarged Contact Group on the Supervision of Collective Investment Schemes (ECG).

In October 2021 the Supervisory Bodies Law was amended to make it a legal requirement for the JFSC to use a risk-based approach when supervising businesses and individuals for compliance with their AML/CFT/CPF obligations. This just formalised the JFSC's existing approach. The JFSC's AML/CFT/CPF Handbook sets out in detail the risk-based approach that Industry must itself apply in their compliance activities.

The JFSC facilitates regulatory colleges, where regulators from a number of jurisdictions meet in relation to one financial services group they have touch points with. In addition, the JFSC participates in regulatory colleges organised by the GIFCS and other lead regulators in UK, Switzerland and South Africa.

²¹ [Examination findings and questionnaires – JFSC](#)

²² [Events and webinars – JFSC](#)

²³ <https://www.groupgifcs.org/>

²⁴ [GIFCS mutual evaluation report Jersey 2019](#)

During the global COVID-19 pandemic, the JFSC rapidly switched to virtual examinations²⁵ in order to maintain its programme of testing industry's compliance with the AML/CFT/CPF regulatory framework when face-to-face examinations were not possible.

The consolidated AML/CFT/CPF Handbook became effective from 31 May 2022, which brought four previous handbooks together into one for FIs and DNFBS. This single source is designed to ensure that all industry participants are maintaining clear common standards in their compliance activities.

4.5 Responsibilities

Previously Jersey's Chief Minister has committed to the FATF President to fully implement the revised Recommendations and the FATF Methodology, post their development and adoption in 2012 and 2013 respectively. This makes compliance with the Recommendations a national commitment for Jersey and therefore of national interest.

As part of its efforts, the Government of Jersey established in 2020 a National Financial Crime Policy and Strategy Cooperation and Coordination Structure (the National Structure). The National Structure puts effective mechanisms in place which support the implementation of risk assessment findings and serves as a permanent platform for cooperation and coordination at policymaking and operational levels between the competent authorities in the jurisdiction's continuous fight against financial crime and illicit finance.

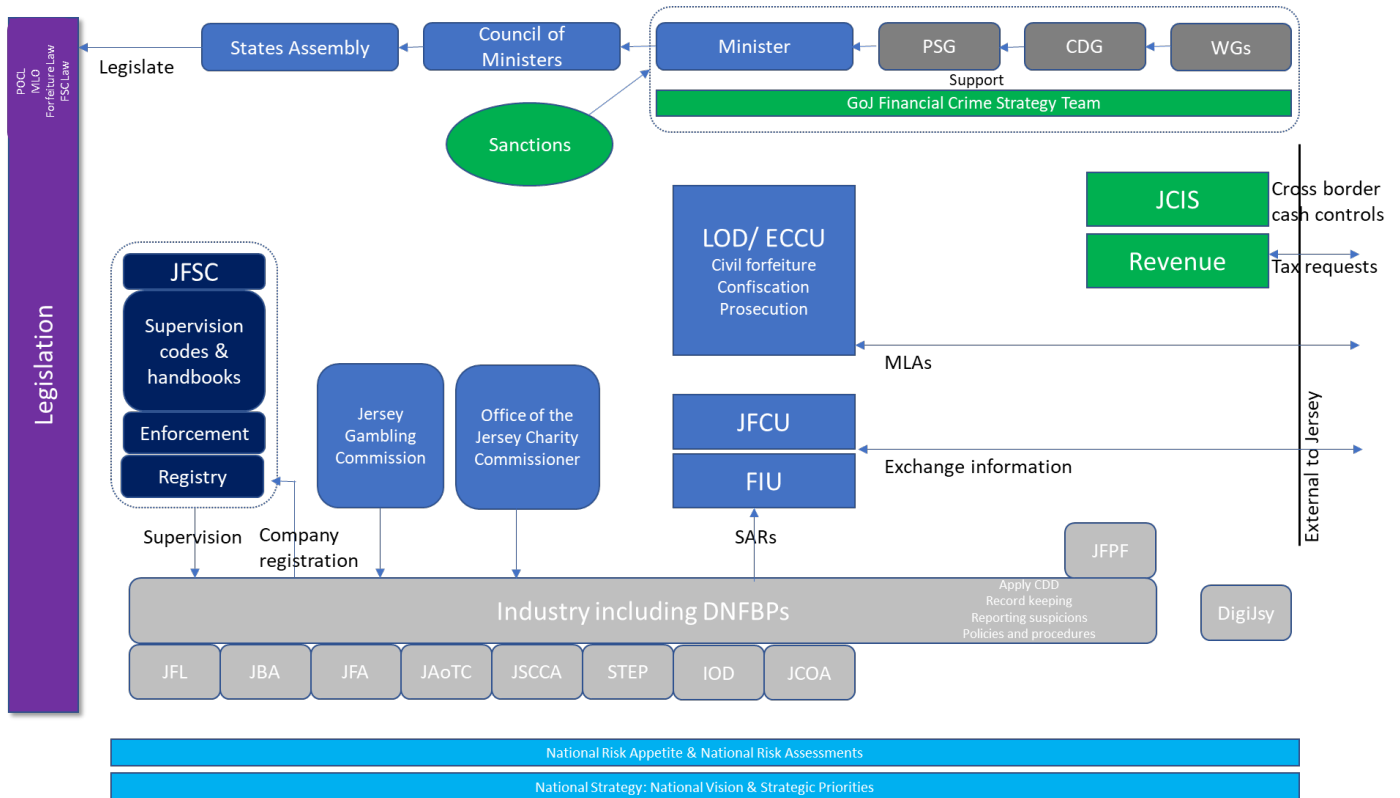
The PSG is the permanent national coordination function for AML/CFT/CPF. Jersey, as an IFC conveys the message internationally that the prevention of all financial crime is a national priority. The National Structure also serves as an allocation mechanism which allows the jurisdiction to focus its resources in the most effective, risk-based way to fight financial crime.

PSG is chaired by the Minister for Treasury and Resources. The Minister for External Relations and the Minister for Justice and Home Affairs also attend, as well as their Assistant Ministers, and senior representatives from the agencies, government, the Attorney General, and the Director General of the JFSC.

The Political Steering Group (PSG) agreed that, once it had approved this strategy document, it would be taken to the Council of Ministers for noting and then lodged as a Report with the new States Assembly. Therefore, this document has been approved by the highest levels of the Government of Jersey.

²⁵ JFSC [Virtual examinations](#)

Figure 3 represents a high-level diagram of the AML/CFT/CPF framework



4.6 Law Officers’ Department, Economic Crime and Confiscation Unit, and Recent Prosecutions

Jersey has invested in the Law Officers’ Department (LOD) to continue to make Jersey a hostile jurisdiction towards those seeking to launder the proceeds of crime or money destined for terrorists or proliferation finance.

The Economic Crime and Confiscation Unit (ECCU) was established in the LOD in October 2017²⁶ following an agreement by the Jersey Financial Crime Strategy Group. The establishment of ECCU was set up to ensure that the Island remains at the forefront of the fight against financial crime and money laundering.

In August 2018 the Forfeiture of Assets (Civil Proceedings) Law 2018 came into force in Jersey. This allowed the forfeiture of tainted assets held in bank accounts. The law was applied in the case of a deceased US lawyer whose clients included high profile individuals connected to organised crime. The FIU, JFCU and ECCU worked collaboratively and investigated, the resultant case went to the Royal Court. All the assets of the Truk Settlement US\$16.8m were taken and divided between the Criminal Offences Confiscation Fund and charities. The Attorney General said²⁷: *“The Forfeiture Law is a valuable tool allowing the forfeiture of tainted funds in civil proceedings when criminal prosecution is not possible.”*

In 2020 the Operation Lion prosecution, a case which stemmed from a joint investigation conducted by the States of Jersey Police and the JCIS, was the most complex drug-related and money laundering investigation ever undertaken by the Jersey authorities and involved requests for MLA from the UK and many other jurisdictions around the world.

²⁶ [ID FOI Economic Crime and Confiscation Unit - Operating Protocol 20180213.pdf \(gov.je\)](#)

²⁷ [First major confiscation under Forfeiture of Assets \(gov.je\)](#)

As an IFC, one threat is that Jersey receives the proceeds of crime, even though it is unaware of the original predicate crime which created the monies. In a recent case (25 April 2022) three defendants were sentenced²⁸ after the investigators and prosecutors secured convictions for money laundering offences based on the irresistible inference that funds were criminal in origin and were related to an organised crime group. The AG stated: *“This complex case is another illustration of the determination and agility of the law enforcement agencies of this island, which can come as an unpleasant surprise to criminals from elsewhere.”*

In the FATF report *“On The State Of Effectiveness And Compliance With FATF Standards”*²⁹ the challenges of complex cross border prosecutions were recognised, though Jersey has a clear strategic priority to actively, and vigorously, pursue these complex cases. In 2021 the ECCU opened two dozen new cases³⁰ and continues to investigate serious and complex financial cases to protect the Island from financial crime and money laundering. The majority of these cases are investigations into allegations of overseas corruption, bribery and tax evasion.

All authorities are aligned in their vision that, if there are obstacles to prosecution, then Jersey has a strategic imperative to remove those within its control. The effectiveness of the law enforcement and prosecution system is therefore under regular review by the authorities.

Frequently, the economic crime confiscation units in other jurisdictions are slow to support Jersey. One recent case has required 11 Letters of Request (LORs), in addition to visiting several jurisdictions. This can result in investigations becoming very protracted and time consuming. This was also noted in the MONEYVAL annual report 2021³¹: *“MONEYVAL notes that money laundering investigations during the period under review (until October 2020) were protracted, partly because of late responses from foreign counterparts to requests for assistance and partly because of under-resourcing on both prosecutorial and law enforcement sides, where there has been insufficient specialisation of financial investigators.”*

The LOD publishes data annually where MLAs are provided to foreign jurisdictions. LOD have strong links with the countries dealt with most regularly. A system has been introduced where they obtain feedback on a range of case types and from a range of partners. LOD develop case studies which, where relevant, have a lessons’ learned section.

The recently amended Proceeds of Crime legislation³² has a corporate offence of failure to prevent money laundering. It is focussed on the national risk and puts the onus on the corporate entity to ensure that neither its corporate personnel, nor its customers engage in money laundering and provides a narrow defence to the entity if such activity occurs. It is both a strong deterrent as well as a means of avoiding difficulties with attributing corporate liability.

4.6.1 Recent Prosecutions of Note

[AG v Abu Dhabi Commercial Bank PJSC Jersey Branch](#)³³.

Following the 2019 conviction for the bank failing to comply with the requirements of the Money Laundering Order, the bank was fined £475,000 on 5 February 2020, with £25,000 costs awarded.

[AG v Ian Ellis](#)³⁴.

The SG resolved a very important point of principle in tax evasion cases in the Crown’s favour, in that the entire contents of a bank account was vulnerable to forfeiture if it was opened or used as a tool or instrumentally to commit tax evasion, re-affirming the strong public interest in discouraging use of accounts in Jersey for such activity.

²⁸ <https://www.gov.je/News/2022/Pages/MoneyLaunderingCase.aspx>

²⁹ [Report on the State of Effectiveness and Compliance with the FATF Standards \(fatf-gafi.org\)](#)

³⁰ [Law Officers’ Department Annual Review 2021.pdf \(gov.je\)](#)

³¹ [1680a662b1 \(coe.int\)](#)

³² [Proceeds of Crime \(Amendment No. 7\) \(Jersey\) Law 202- \(jerseylaw.je\)](#)

³³ [AG v Abu Dhabi Commercial Bank PJSC Jersey Branch 05-Feb-2020 \(jerseylaw.je\)](#)

³⁴ [AG v Ellis 24-Nov-2020 \(jerseylaw.je\)](#)

[AG v LGL Trustees Limited³⁵](#).

On 19 February 2021, the Royal Court imposed a fine of £550,000 on LGL Trustees Limited (LGL), and awarded costs of £50,000, for failing to comply with the requirements of the Money Laundering Order.

LGL had pleaded guilty on 4 December 2020 to two related offences under Article 37(4) of the Proceeds of Crime (Jersey) Law 1999 for breaches of the Money Laundering Order.

The SG commented: *“Proper compliance by financial service providers with the Money Laundering Order is a key defence against abuse of the Island’s finance industry by criminals and an important aspect of Jersey’s international commitment to combatting money laundering. The decision to prosecute LGL for serious compliance failures and seek a significant fine reflect the gravity with which such breaches of the law are viewed.”*

[AG v Darius Pearce, Jeweller³⁶](#) and [AG v Thurban, Sait, Brown, Riley, Roy, Wolff, Pearce](#)

A local jeweller, Mr Darius Pearce, was sentenced to 7½ years for three counts of money laundering on 5 July 2021. He assisted a UK gang³⁷ by moving cash from Jersey to the UK, where the drugs were purchased.

The prosecution highlighted the principles from an earlier case (AG v Goodwin) when sentencing, in particular the *“interest of Jersey as a finance centre justifies a deterrent element.”*

³⁵ [AG v LGL Trustees Limited 19-02-2021 \(jerseylaw.je\)](#)

³⁶ [AG v Pearce 4-Aug-2021 \(jerseylaw.je\)](#)

³⁷ [AG v Thurban Sait Brown Riley Roy Wolff Hughes 23-Sep-2020 \(jerseylaw.je\)](#)

5. Financial Crime and the Threat to Jersey

The FATF President 2020-2022, Dr Marcus Pleyer summarised the threat in his address to the G20 Finance Ministers on 7 April 2021³⁸: *“Illicit financial flows, however, undermine our endeavours for strong, sustainable and inclusive growth. They create an uneven playing field where criminals gain while legitimate business suffers.”*

The Jersey Money Laundering NRA³⁹ published in September 2020 based on data collected during the period 2013-2018, outlined the threats faced by Jersey.

As an IFC, the majority of Jersey’s customer base is non-resident (by number and value). Accordingly, activities that result in funds being held in Jersey will take place largely outside the jurisdiction and it follows that a large majority of predicate offending will have been committed outside of the Island, with the proceeds potentially being placed and laundered through local institutions.

Overall the money laundering threat assessment and conclusion was as follows:

ML Threat:	Foreign Predicate Offences	Cross-Border	Domestic	Overall
Rating	Medium-High	Medium	Medium-Low	Medium-High

When determining the overall rating for the money laundering NRA, it was deemed appropriate to apply a heavier weighting to the foreign predicate offences threat rating. The foreign predicate offences posed a much higher threat to Jersey as they were considerably more significant in respect of the type, value and level of the criminality.

The money laundering NRA detailed the residual risks:

- The relevant authorities (agencies) understanding of money laundering risk is not developed to a sufficiently granular level to fully understand money laundering risk in key market sectors
- Available data collected is not uniform or sufficient to monitor ongoing money laundering risk
- For both authorities and Industry, there is not a fully developed understanding of the risk specific jurisdictions pose to Jersey in respect of cross-border money laundering risk
- Policy development is not sufficiently resourced or agile enough to fully develop and co-ordinate a policy response to emerging threats faced by Jersey as an IFC
- LEA cooperation with jurisdictions where common predicate offences occur still requires development to pursue effective money laundering investigations and prosecutions in Jersey
- For both authorities and Industry, the understanding of specific topics relevant to money laundering is still developing and is uneven in key industry sectors most exposed to those risks – this is exacerbated by the limited understanding of money laundering risk in common foreign markets with which Jersey interacts. Specific topics of note are:
 - Politically Exposed Person (PEP)
 - Complex structures
 - Specific funds money laundering risk.
- The quality of intelligence available to the FIU, combined with processing challenges and resource constraints means that Jersey has yet to fully resource financial crime investigation. It therefore remains challenging to identify, investigate and prosecute money laundering in areas that present the greatest threat to Jersey such as cross border money laundering threat. This is exacerbated by foreign cooperation risks
- The effectiveness of tax enforcement and cooperation may indicate challenges in identifying and investigating tax evasion as a common predicate offence presenting a risk to Jersey’s significant sectors

³⁸ <https://www.fatf-gafi.org/publications/fatfgeneral/documents/g20-fmcgb-april-2021.html>

³⁹ [Financial National Risk Assessments \(NRAs\) \(gov.je\)](https://www.gov.je/Financial-National-Risk-Assessments-(NRAs)-(gov.je))

- The supervisory approach is not fully tailored to higher risk sectors and themes in order to effectively mitigate money laundering risk
- Typologies of money laundering and guidance for specific important sectors, combined with outreach is required to ensure the industry fully understand the money laundering risk in those sectors
- The terrorist financing NRA⁴⁰ published in 2021 rated the overall threat assessment as Medium-Low, and detailed the following risks:
 - FATF Recommendations not implemented in accordance with:
 - Recommendation 8, a proper NPO risk assessment should be undertaken, and a regulatory framework implemented which includes focused and proportionate measures for regulation, registration, and supervision of those NPOs that are identified as being vulnerable to the financing of terrorism abuse
 - Recommendation 15, a risk assessment should be undertaken in relation to: new products, new business practices, the use of new or developing technologies, and a regulatory framework implemented for VASPs.
- Insufficient information and data. The following recommendations focus on addressing information and data gaps:
 - Wire transfers
 - Investments
 - Beneficial ownership information
 - Compliance with preventative measures
 - Reason for cross-border Jersey cash movement
 - Limited financing of terrorism capacity and understanding.

The NPO NRA⁴¹ published in 2022 rated the overall threat assessment as Medium-Low and detailed the following risks:

- Additional enquiries will be undertaken when the supervisory powers come into effect, in order to assess and mitigate the terrorist financing risks presented by non-respondents and newly registered NPOs
- Further research is required into the NPOs that use social media in order to establish what controls they have in place in terms of their fundraising (a high-risk area for terrorist financing)
- The JFSC has collected NPO data as part of this risk assessment work and as part of its annual supervisory risk data collection, elements of this data should continue to be reconciled
- There needs to be increased engagement between the JFSC and the Office of the Charity Commissioner, to set out collaborative on-boarding, delisting, examination, and information sharing processes to reduce the impact on the NPO sector of being overseen by several agencies
- During 2022, the regulatory framework will be enhanced in preparation for the JFSC beginning its supervisory activities of Prescribed NPOs on 1 January 2023
- There needs to be additional outreach and engagement with the NPO sector to support it with enhancing its systems and controls, aiming to ameliorate development areas/vulnerabilities identified through the NPO terrorist financing risk assessment process. This outreach work will also, as a lesson learnt from the NRA, stress the longstanding obligation on each NPO, under the NPO Law, to notify the JFSC in writing of any changes to its registered information. This obligation applies to all NPOs, and it is an offence not to do so, unless the NPO has a reasonable excuse
- The Virtual Assets (VA) money laundering and terrorist financing national risk overview⁴² stated that given the lack of a developed sector, Jersey's VA and VASP threat exposure is difficult to accurately identify and quantify although it is likely to be low given the perceived level of current activity.

⁴⁰ [Financial National Risk Assessments \(NRAs\) \(gov.je\)](#)

⁴¹ [Financial National Risk Assessments \(NRAs\) \(gov.je\)](#)

⁴² [Financial National Risk Assessments \(NRAs\) \(gov.je\)](#)

5.1 Combatting Money Laundering

In September 2020 Jersey published its first national risk assessment (NRA), assessing money laundering. Jersey used the World Bank NRA tool for the risk assessment methodology. This was supported by specialist academic involvement as well as agency and industry input via workshops and sectoral teams.

To ensure industry and agencies had a good understanding of the process followed in completing the NRA, as well as the findings of risks that were faced in Jersey by each sector and residual risks, a series of communications, discussions and presentations were undertaken with industry bodies. Following its publication, industry was also able to watch or access a recorded webinar explaining the risks⁴³. In addition, webinars were produced for the following sectors to explain their specific risks:

- Banking sector
- Funds sector
- Trust company businesses
- Investment business
- Accountants
- Lawyers.

5.1.1 Tax Evasion

The majority of Jersey's activities focus on the pooling and deployment of assets that have already been taxed. Tax neutrality is not a form of, and does not facilitate, tax evasion - lack of transparency does.

Jersey has adopted international standards designed to prevent tax evasion and was an early adopter of the OECD's CRS, the global standard on the automatic exchange of information. It also shares information under the US FATCA model.

It is a signatory to the Multi-Lateral Convention on Mutual Administrative Assistance in Tax Matters.

It is a member of the Global Forum on Transparency and Exchange of Information for Tax Purposes. In 2017, the OECD's Peer Review Group on Transparency rated Jersey fully compliant in all 10 of the areas reviewed.

As an associate of the OECD's base erosion and profit-sharing BEPS initiative, Jersey exchanges information under the Country-by-Country Reporting Regime, as well as information on cross-border tax rulings. It was the third jurisdiction to bring into force the multilateral legal instrument to ensure that its double tax agreements could not be used for the purposes of tax avoidance or tax evasion.

In the Financial Services Policy Framework⁴⁴, the stated strategy is to maintain strong adherence to international standards, which includes tax.

The FIU Q1 and Q2 2022 data⁴⁵ detailed that SARs submitted relating to tax concerns were the second highest defined category, after fraud.

The money laundering NRA identified the residual risk: *'The effectiveness of tax enforcement and cooperation may indicate challenges in identifying and investigating tax evasion as a common predicate offence presenting a risk to Jersey's significant sectors.'* Consideration is being given as to how best to quantify this risk, as captured in the action plan.

⁴³ [National Risk Assessment webinar — Jersey Financial Services Commission \(jerseyfsc.org\)](https://www.jerseyfsc.org/national-risk-assessment-webinar)

⁴⁴ [P Policy Framework for Financial Services Industry of Jersey.pdf \(gov.je\)](https://www.gov.je/policy-framework-for-financial-services-industry)

⁴⁵ [Q2-2022-FIU-SAR-REPORT.pdf \(jersey.police.uk\)](https://www.jersey.police.uk/q2-2022-fiu-sar-report)

5.1.2 Professional Money Laundering

Professional money laundering (PML) networks involve organisations and individuals facilitating money laundering, often in return for a fee or commission, and often in a highly sophisticated and organised manner. It may involve utilising complex, opaque and global ownership structures, cross-jurisdictional transactions, and the handling of larger sums of money.

FATF published a report⁴⁶ which provided case studies and described the relevant money laundering typologies and schemes. In the report FATF stated:

“Given that PMLs are third-party launderers, they are often not familiar with the predicate offence (e.g. narcotics or human trafficking) and are generally not concerned with the origins of the money that is moved. Nonetheless, PMLs are aware that the money that they move is not legitimate. The PML is concerned primarily with the destination of the money and the process by which it is moved. They are used by clients in order to create distance between those perpetrating the crimes and the illicit proceeds that they generate as profit, or because the criminal clients do not have the knowledge required to reliably launder the money without law enforcement detection. In order to place greater distance between their criminal activity and the movement of funds, some organised crime groups use the services of third-party money launderers, including professional gatekeepers, such as attorneys, accountants and trust and company service providers.”

Since 2000 Jersey has had regulated TCSPs. The TCSPs are required to hold and keep up to date beneficial ownership information for all structures administered by them. This data is available to the JFSC and law enforcement. It can also be provided to competent authorities in other jurisdictions by using gateways created within the legislation. In addition, this information can also be passed on through Jersey’s tax and MLA agreements.

5.1.3 Fraud

Fraud is a concern to the community where the victims reside, although the crimes are often perpetrated by criminals based overseas and the proceeds of crime are largely laundered outside of Jersey. However, as is the case in many other jurisdictions, fraud is a financial crime concern for Jersey.

The most recent SAR data to the FIU shows fraud as the largest defined predicate criminality suspected.

In October 2021 Jersey participated in the IOSCO world investor week global webinar⁴⁷ ‘Fraud Has No Borders’.

Jersey created a relationship with UK Action Fraud (the UK’s national reporting centre for fraud and cyber-crime) approximately 10 years ago.

In the UK, fraud is estimated as the most common crime type, and accounts for over a third of all crime in total. In Jersey, the Jersey Fraud Prevention Forum advises that islanders lost £300k to scams in the first three months of 2022, which is almost the total lost in 2021⁴⁸.

⁴⁶ [PROFESSIONAL MONEY LAUNDERING \(fatf-gafi.org\)](https://www.fatf-gafi.org)

⁴⁷ <https://www.jerseyfsc.org/news-and-events/fraud-has-no-borders-to-be-focus-of-global-webinar-hosted-by-jfsc/>

⁴⁸ [Latest forum newsletter- April 2022 – Jersey Fraud Prevention Forum](#)

In a small jurisdiction there are various benefits and challenges as outlined in Table 2.

Table 2: Benefits and Challenges for Fraud of a Small Jurisdiction

Benefits	Challenges
<p>As a small jurisdiction Jersey can get messages out extremely quickly, potentially within minutes.</p> <p>Jersey Police have a third of the Jersey population following them via social media so can disseminate information very quickly.</p> <p>There are only three telephone companies that operate phone/internet in Jersey. This assists with good communication and early intervention. Over the last two years the three telcos sent out a text to every phone with a crime prevention message, this gave everyone helpful information and guidance.</p> <p>Jersey police can remain on top of the latest emerging issues and publicise messages about new scams very quickly and appear in Jersey news within a few hours.</p> <p>Jersey Fraud Prevention Forum members feed in topical and current issues. The Forum produces and delivers via post two newsletters a year to 46,000 households in Jersey.</p>	<p>It is believed that all elements of fraud remain under reported. In a small jurisdiction people are more reluctant to report fraud, especially as so many frauds occur by fraudsters playing upon the public’s vulnerabilities.</p> <p>A number of victims will absorb the cost of the fraud.</p> <p>Reputation is key, so large organisations may not report frauds.</p> <p>Investigation and detection of fraud is very challenging as fraudsters can be highly sophisticated. Frauds are often originated in unfriendly jurisdictions. The strategy is to try and prevent, as the chance to recover is remote.</p>

In 2019 £50k of funding for the Jersey Fraud Prevention Forum came from the Criminal Offences Confiscation Fund. This funding runs out at the end of 2023 and new funding will be required. During the last few years, the JFSC has invested extensively with people to support the Forum.

The Channel Islands Financial Ombudsman⁴⁹ has highlighted that Authorised Push Payment (APP) frauds are a matter that they have had to consider in recent years and are often of sizeable amounts.

5.2 Countering the Financing of Terrorism

In April 2021 Jersey published the terrorist financing NRA. Jersey used the World Bank NRA tool augmented by the MONEYVAL Monaco guidance for the risk assessment methodology. This was supported by specialist academic involvement as well as agency input via workshops.

Following its publication, industry was also able to watch or access a subsequent webinar explaining the risk assessment⁵⁰.

Jersey leverages from the UK expertise on counter-terrorism strategy and is included within CONTEST⁵¹ in the UK via the Southwest Region. This helps to ensure that terrorist financing is an integral part of the counter-terrorism strategy.

CONTEST works on the four Ps:

- **Pursue:** to stop terrorist attacks
- **Prevent:** to stop people becoming terrorists or supporting terrorism
- **Protect:** to strengthen our protection against a terrorist attack and
- **Prepare:** to mitigate the impact of a terrorist attack.

⁴⁹ [About Us - Channel Islands Financial Ombudsman \(ci-fo.org\)](https://www.ci-fo.org/)

⁵⁰ [Webinar on National Risk Assessment for terrorist financing — Jersey Financial Services Commission \(jerseyfsc.org\)](https://www.jerseyfsc.org/)

⁵¹ [Counter-terrorism strategy \(CONTEST\) - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/strategies/counter-terrorism-strategy)

In 2015 a resident of Jersey was charged with terrorism offences⁵². The investigation automatically involved a financial element.

Only a small percentage of SARs are related to terrorism and some of these are anecdotally misallocated by the SAR submitter from Industry.

The strategy also includes the detection and restriction for sanctions relating to luxury goods and sanctioned individuals.

In April 2022 Jersey published the NPO NRA. There was no universal risk assessment methodology for the NPO NRA. Therefore, Jersey consulted with a number of international CFT experts, as well as performing extensive Industry outreach and collaborated working groups within the jurisdiction.

Following its publication, industry was also able to watch or access a subsequent webinar explaining the risk assessment⁵³.

UK National Terrorist Financial Investigation Unit (NTFIU)

Jersey works closely with the UK, especially in areas where their significant expertise can add great value to the jurisdiction which has limited experience in certain key aspects due to its small size and limited exposure to certain risks.

A recent example was the training provided by UK experts focussing on Countering the Financing of Terrorism. Training was provided in May 2022 by NTFIU, in addition to: The UK Charity Commission, The Terrorist Offender Management Unit, UK Fin-Net, Her Majesty's Treasury (HMT)-Sanctions.

Assessing TF Risks for IFCs With Low Domestic Terrorism Risk

In the FATF Terrorist Financing Assessment Guidance⁵⁴ published July 2019, Jersey participated in the two-day workshop held in Monaco, with other IFCs and TF experts to consider the specific terrorist financing risks facing IFCs.

The participants identified ways in which IFCs may be misused for cross-border movement of terrorist funds, including flow-through of terrorism funds, service provision, use of complex structures, abuse of philanthropy, and use of funds generated domestically by illicit activities. Participants also discussed potential information sources to identify financial linkages between financial centres and high-risk countries for terrorism and the financing of terrorism, many of which were then presented in the guidance.

⁵² [AG-v-Harding 13-Mar-2015 \(jerseylaw.ie\)](http://jerseylaw.ie)

⁵³ [National Risk Assessment of Non-Profit Organisations — Jersey Financial Services Commission \(jerseyfsc.org\)](http://jerseyfsc.org)

⁵⁴ [Terrorist-Financing-Risk-Assessment-Guidance.pdf \(fatf-gafi.org\)](http://fatf-gafi.org)

5.3 Countering Proliferation Financing

In the FATF Guidance on Counter Proliferation Financing paper⁵⁵ it is identified that: *“Financial centres have the potential to provide proliferators the opportunity to exploit legitimate financing and commercial channels to hide proliferation activities.”*

In April 2022 the JFSC published updated guidance on the countering of the financing of proliferation of weapons of mass destruction.

The JFSC are working with the government and other local and international stakeholders to build a better understanding of the local exposure to proliferation financing and its associated risks. To do this, industry will be risk assessed for exposure to proliferation financing risk. The analysis of the data will determine the jurisdictional approach to future potential enhancements that Jersey may need to make to the regulatory framework. This will help to demonstrate that Jersey can effectively identify, assess, monitor, manage and mitigate proliferation financing risks.

To aid industry, the JFSC also published⁵⁶ a comparison between terrorist financing, money laundering, and financing the proliferation of weapons of mass destruction. This enables a reader to understand the similarities and differences between critical concepts in combatting financial crime.

6. Jersey as an International Finance Centre

6.1 Economic and Geopolitical Position and the Strengths of Jersey

The National Risk Assessment of Money Laundering outlined the economic and geopolitical position for Jersey⁵⁷.

For many years Jersey has been recognised as one of the world’s most stable and leading IFCs.

Jersey seeks to not introduce undue levels of risk into the UK (its most important commercial neighbour) and its markets or to any other country, and vice versa. Jersey is not generally referenced in the respective NRAs of other jurisdictions as importing risk into neighbouring countries.

The only reference is in the UK Proliferation Financing NRA, where states:

“The close economic ties between the UK, the Crown Dependencies and Overseas Territories generate significant economic benefits. However, criminals seek to exploit this close relationship and try to disguise illicit assets by taking advantage of existing channels and strong business connections..... particularly for the establishment of corporate entities or for accessing the formal financial system.”

6.2 Jersey as a ‘Good Neighbour’

A clear overarching objective for government is to act as a good neighbour, demonstrated by a strategy for transparency and international cooperation.

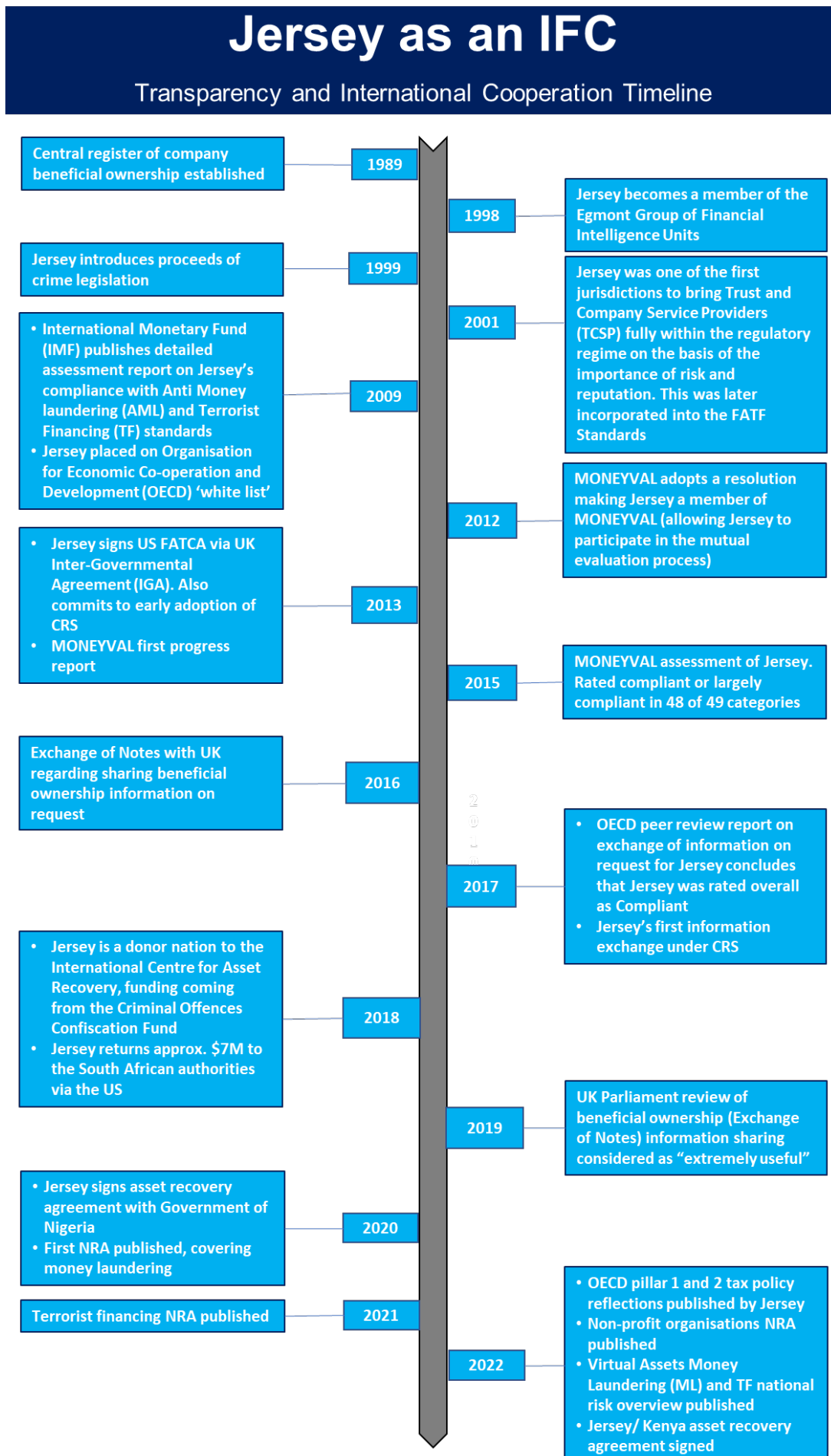
Examples over the years are visually demonstrated in Figure 4.

⁵⁵ [FATF GUIDANCE ON PROLIFERATION FINANCING \(fatf-gafi.org\)](https://www.fatf-gafi.org)

⁵⁶ [Comparison Terrorist Financing, Money Laundering, and Financing the Proliferation of Weapons of Mass Destruction — Jersey Financial Services Commission \(jerseyfsc.org\)](#)

⁵⁷ [ID Bailiwick of Jersey National Risk Assessment of Money Laundering September 2020.pdf \(gov.je\)](#)

Figure 4: Transparency and International Cooperation Timeline



The National Risk Assessment of Money Laundering identifies that the predicate offences are often committed overseas. Where they do occur prosecution follows, see section 4.6.1.

Exchange of Notes

EoN agreement⁵⁸ with the UK, demonstrates the close working relationship with the UK. The UK LEA can send a request for beneficial ownership information to the Jersey FIU. Urgent cases are responded to within one hour. The Jersey Register has a range of beneficial ownership information that can be shared to aid LEAs.

[Jersey, Nigeria, and USA Asset Recovery Agreement, 2020](#)

FATF have highlighted strengthening asset recovery as one of the objectives during the Singapore Presidency (2022-2024)⁵⁹. Jersey has entered into two notable asset recovery agreements, which have ensured substantial sums have been returned to Nigeria and Kenya.

On 3 February 2020 the Government of Jersey, the Federal Republic of Nigeria and the Government of the United States of America entered into an Asset Recovery Agreement to repatriate more than US\$300 million of forfeited assets to Nigeria⁶⁰.

The funds were laundered through the US banking system and then held in bank accounts in Jersey in a British Virgin Islands company, and in the name of the son of the former Head of State of Nigeria, General Sani Abacha. In 2014 a US Federal Court in Washington D.C. forfeited the money as property involved in the illicit laundering of the proceeds of corruption arising in Nigeria during the period from 1993 to 1998 when General Abacha was Head of State.

Jersey's Attorney General commented: *"This Agreement represents the culmination of two decades of intensive work by law officers in Jersey, the United States and Nigeria. The return of the assets to Nigeria had been delayed by a number of hard-fought challenges by third parties which were defeated in the Courts in Jersey and the United States. This is a very significant achievement, and, once again, demonstrates Jersey's commitment to tackling international financial crime and money laundering."*

In addition, on 28 May 2021 a forfeiture notice was served on Lieutenant General Useni (Retired) seeking the forfeiture of approximately £1.9 million⁶¹. It was argued that the accounts were created to hold and conceal bribes, or other proceeds of corruption, received by him during the period he held high political office in the Abacha regime.

[Jersey and Kenya Asset Recovery Agreement, 2022](#)

On 28 March 2022 the Attorney General emphasised the threat and importance of international cooperation⁶²: *"Corruption is not a victimless crime. It has both direct and indirect consequences for people living in countries where corrupt practices have taken place."*

"The signing of this agreement today shows that Jersey does not tolerate financial crime and that our officers will confiscate monies associated with corruption and ensure that such funds are returned for the benefit of the people who have suffered from the effects of corruption."

"We have already prosecuted the Jersey company involved for money laundering offences, and continue to support the ongoing extradition proceedings by the prosecuting authority in Kenya to bring the individuals responsible to justice."

⁵⁸ [Jersey- UK beneficial ownership information sharing.pdf \(publishing.service.gov.uk\)](#)

⁵⁹ [Singapore-Presidency-Priorities.pdf \(fatf-gafi.org\)](#)

⁶⁰ [Repatriation agreement between Jersey, Nigeria and USA \(gov.je\)](#)

⁶¹ [£1.9 million of funds seized \(gov.je\)](#)

⁶² [Jersey and Kenya sign historic Asset Recovery Agreement \(gov.je\)](#)

The United Nations Office on Drugs and Crime (UNODC) said⁶³: *“UNODC recognises the innovative work that the Governments of Kenya, Jersey, Switzerland, and the UK have undertaken in developing the Framework for Return of Assets from Crime and Corruption in Kenya (FRACCK).*

“The FRACCK is a novel approach to facilitating asset return and has generated interest internationally. The international expert meeting on the return of stolen assets provided a valuable opportunity for officials from Jersey and Kenya to jointly present on lessons learned from the FRACCK; this dialogue is important for strengthening good practices on asset return to foster sustainable development.”

Subsequently, the Kenyan Supreme Court gave approval⁶⁴ for the extradition proceedings of the former CEO of Kenya’s power company and former Finance Minister who are both accused of accepting bribes. The request from Jersey was issued in 2011 and the extradition proceedings are currently ongoing in the Kenyan Courts.

6.3 Innovation to Aid Compliance

Jersey has stated in the Financial Services Policy Framework 2021 that one of its priorities is to harness the opportunities created by fintech and digitalisation.

Acknowledging that fraudsters and criminals try and stay one step ahead, technology helps the jurisdiction to continually mitigate any threats or risks identified.

FATF has stated that it strongly supports responsible financial innovation that is in line with the AML/CFT requirements found in the FATF Standards⁶⁵.

It is acknowledged by FATF⁶⁶ that: *“New technologies can improve the speed, quality and efficiency of measures to combat money laundering and terrorist financing. They can help financial institutions and supervisors, assess these risks in ways that are more accurate, timely and comprehensive. When implemented using a responsible and risk-based approach, new technologies and innovative products and services can also improve financial inclusion, bringing more people into the regulated financial system and thereby reinforcing the effectiveness of AML/CFT measures. New technologies have the potential to make anti-money laundering (AML) and counter terrorist financing measures (CFT) faster, cheaper and more effective.”*

Dr Marcus Pleyer, FATF President 2020-2022, urged the public and private sectors to work together by using technologies to make efforts to combat money laundering and terrorist financing more efficient and effective⁶⁷.

Across industry, agencies and the JFSC, work is being undertaken to use technology to improve both compliance and the customer experience. Examples are:

- Digital Jersey’s Island-Wide Sandbox can help develop fintech in a controlled environment. *“With access to a well-established finance industry and the support of an independent government and robust regulator it has proved to be a good testbed for fintechs⁶⁸”*
- In the JFSC 2022 Business Plan one of the three strategic anchors is ‘Harness technology and influence the digitalisation of Financial Services.’ In support of this strategic anchor there is a core workstream; investing in our technology and data analytics to operate even more effectively. This will include the deployment of automated vetting activities to remove manual processing, reduce risk and improve efficiency
- Through government, the creation of a digital identity and accreditation framework

⁶³ [United Nations recognises Jersey's asset recovery work \(gov.je\)](https://www.unodc.org/en/news/press-releases/2019/09/19092019-01.html)

⁶⁴ <https://www.bailiwickexpress.com/jsy/news/watch-green-light-kenyan-officials-accused-corruption-be-extradited-jersey/#.Yp3AL0jMLD4>

⁶⁵ [https://www.fatf-gafi.org/fintech-regtech/fatfonfintechregtech/?hf=10&b=0&s=desc\(fatf_releasedate\)](https://www.fatf-gafi.org/fintech-regtech/fatfonfintechregtech/?hf=10&b=0&s=desc(fatf_releasedate))

⁶⁶ [OPPORTUNITIES AND CHALLENGES OF NEW TECHNOLOGIES FOR AML/CFT \(fatf-gafi.org\)](https://www.fatf-gafi.org/opportunities-and-challenges-of-new-technologies-for-aml-cft)

⁶⁷ [Digital transformation - Financial Action Task Force \(FATF\) \(fatf-gafi.org\)](https://www.fatf-gafi.org/digital-transformation-financial-action-task-force-fatf)

⁶⁸ <https://www.digital.je/choose-jersey/sandbox-jersey/fintech-sandbox/>

- The JFSC has published a report by RegTech RT Associates on the adoption of regulatory technology by Jersey firms⁶⁹
- JFSC runs innovation drop-in sessions to discuss RegTech, FinTech, virtual asset services and issues, alternative banking services and payments and innovative funds
- Government providing £20m for a Technology Accelerator Programme⁷⁰
- In 2019 the JFSC joined⁷¹ the Global Financial Innovation Network. It consists of 60 international organisations that work together and share their experience of financial innovation in their respective markets
- In conjunction with their global parent companies, some local firms are implementing innovative solutions using technology to analyse huge data sets to seek out unusual patterns of customer behaviour in order to undertake further risk analyses as part of their transaction monitoring
- JFSC Registry launched the myRegistry platform.

Automation and digitisation are a way to reduce errors, improve compliance, whilst reducing costs.

6.4 Advantages and Challenges of Being a Small Jurisdiction

Advantages	Challenges
<ul style="list-style-type: none"> • A small group of people with specialist knowledge can gather quickly to resolve an issue, as demonstrated by the Russia/Ukraine sanctions issue and the formation of the special financial taskforce⁷² within a matter of a few days. This taskforce had access to all the senior people and Ministers it required to ensure decisions were made quickly. • The Government, FIU, LEA, LOD, JFSC and Industry senior personnel are all readily located within a short walk from each other. This does ensure good communication and easy access when necessary. • There is a close-knit business community of lawyers, accountants, bankers and other professionals who have helped Jersey be able to work together to find efficient solutions to a whole range of different and sometimes complex client needs. • Clients benefit from expertise and products concentrated in a small geographic area. This advantage is also a risk, as criminals also try to use this expertise for their gain. • Adopting and implementing best practice from others is easier in a small jurisdiction than for larger countries. 	<ul style="list-style-type: none"> • There is a small pool of local people to undertake a wide variety of key jobs in the private and public sector. Whilst this can be mitigated by accessibility to a large population in the UK, some agencies/Industry roles are restricted from doing this by local systems or rules. • The Virtual Assets Money Laundering and Terrorist Financing National Risk Overview⁷³ identifies the conservative nature of Jersey as a jurisdiction and consequently the pace of change and innovation, particularly in new products may be slower than elsewhere. However, this also works as a risk mitigant to a certain degree. • Local firms often operate across several jurisdictions and therefore have to be mindful of all jurisdictional regulations and whilst all work to meet the local requirements/regulations, invariably some firms then work to the highest level to ensure there are just one set of processes and procedures across their entity which can present additional challenges when ensuring compliance.

⁶⁹ [Regtech RT Associates Report — Jersey Financial Services Commission \(jerseyfsc.org\)](https://www.jerseyfsc.org)

⁷⁰ [Technology Accelerator Fund next steps \(gov.je\)](https://www.gov.je)

⁷¹ [Global Financial Innovation Network invites firms to participate in cross-border testing — Jersey Financial Services Commission \(jerseyfsc.org\)](https://www.jerseyfsc.org)

⁷² [Kremlin crackdown: Island firms go onto high-risk list - Jersey Evening Post](https://www.jerseyfsc.org)

⁷³ [R Virtual Assets Money Laundering and Terrorist Financing National Risk Overview.pdf \(gov.je\)](https://www.gov.je)

Ensuring Business as Usual During the Global Pandemic: JFSC Webinars⁷⁴

To support understanding across Industry and enhanced during the restrictions created by the Global Pandemic, the JFSC along with government and agencies, regularly hold webinars for Industry to help them understand a new law/policy/NRA. The webinar is then stored in a library of videos for those who could not attend or wish to watch it again.

Jersey's Workforce

As outlined in the challenges, and recognised in the 2021 Financial Services Policy Framework, Jersey needs to ensure it has a workforce with the skills required for the future. It is via the 13,600 people who work in the finance industry that Jersey is able to provide the services to customers that they have become accustomed to over many years.

When there is near-full employment, it can be particularly protracted to recruit the right individuals with appropriate skills and experience to fill roles, which are often quite specialist. Hence the strategic need to ensure the pool of resource with the right skills is increased over time. The recent changes in the civil penalties' regime may also add to the challenge.

In a small jurisdiction, inevitably there are also single points of failure where a team only needs a single specialist, whereas in larger jurisdictions there would be more people undertaking the same role.

Similar to the UK, Jersey has challenges filling roles as a result of the high cost of living.

All employers use a variety of ways to mitigate the risk, including secondments from the UK, outsourcing, extensive internal training programmes and continued professional development.

6.5 Jersey's Environmental, Social and Governance (ESG) approach

In the 2021 Financial Services Policy Framework, Jersey set out a strategic aim of becoming a leading IFC for sustainable finance and supporting the global transition to carbon net zero. This builds on the industry-led strategy, Jersey for Good⁷⁵, and the accompanying two-year pathway launched in March 2021 with input from key stakeholders and coordinated by Jersey Finance Limited (JFL), the industry representative body. This will be undertaken by industry and regulator delivering a legislative and regulatory framework which aligns the industry to the international standards and obligations for sustainable finance.

FATF have published in July 2021 a document on Money Laundering from Environmental Crimes⁷⁶. The Jersey For Good strategy identifies this as an area of focus for Jersey in terms of responding to emerging global standards on sustainability. In early 2022, JFL coordinated an event with a number of external speakers to raise awareness of the FATF guidance and global best practice on environmental crime and anti-money laundering amongst Jersey practitioners.

JFSC joined the Network for Greening the Financial System in November 2021⁷⁷. It is a network for central banks and supervisors who, on a voluntary basis, exchange experiences, share best practices, contribute to the development of environment and climate risk management in the financial sector. Jersey Finance has also become a member of the UN-convened Financial Centres for Sustainability (FC4S), under the representation of JFL.

⁷⁴ [Events and webinars — Jersey Financial Services Commission \(jerseyfsc.org\)](https://www.jerseyfsc.org/events-and-webinars)

⁷⁵ [Jersey for Good - A Sustainable Future | Our Work | Jersey Finance](https://www.jerseyfsc.org/jersey-for-good)

⁷⁶ [Money-Laundering-from-Environmental-Crime.pdf \(fatf-gafi.org\)](https://www.fatf-gafi.org/publications/otherpublications/documents/ML-From-Env-Crime.pdf)

⁷⁷ [We've joined NGFS, a network to help improve environment and climate risk management in the financial sector — Jersey Financial Services Commission \(jerseyfsc.org\)](https://www.jerseyfsc.org/weve-joined-ngfs)

7. National Risk Appetite and National Risk Assessments

7.1 National Risk Appetite

The main risks for businesses to consider are activities, including delivery channels and customer types, products and jurisdictions. These risks can be rated low, medium, or high, and Jersey's Anti-Money Laundering and Combatting the Financing of Terrorism (AML/CFT) regime aims to manage those risks at the appropriate level. Businesses are not restricted from engaging in high-risk activities, products, or jurisdictions unless any of those would be outside of the national risk appetite or reflected in the SBPP⁷⁸.

However, where businesses do engage in high-risk activities, products, or jurisdictions, they must be able to effectively manage the risks in line with their risk rating. To do so, businesses need to be able to properly identify, assess and understand the risks. This is where businesses should refer back to the findings of the NRAs as objective resources for creating their own business risk assessments, which entities are obliged to undertake. Once the risks are identified, assessed, and understood, businesses are expected to manage and mitigate the risks in line with their rating; in other words to apply a risk-based approach.

It is important to note that where risks cannot be fully managed or mitigated, businesses ought not to enter into the business relationship, or, if already established, unwind the existing relationship or commercial activity

There are activities which the government considers should not be taking place in or from Jersey. These include:

- Any dealing with persons or legal entities subject to sanctions applied in Jersey or which contravene UK foreign policy
- Any dealing with FATF black-listed jurisdictions
- Citizenship by investment schemes operated in Jersey
- Aggressive/abusive tax avoidance – in line with previous statements made by government⁷⁹.

The Government of Jersey, working with the JFSC, will continue to update the SBPP to include activities which are considered to constitute higher risks on the basis of national and international research and data, which will include research by the FATF, the OECD and other reliable, independent sources of information.

Ultimately, the Government of Jersey expects entities to consider their level of exposure to higher risk business, including the accumulation of risk, and their ability to manage those risks. This is consistent with the jurisdiction's strong commitment to maintaining international financial crime standards, to both prevent Jersey from being used as a location for financial crime and protecting its international reputation.

De-risking

- FATF define the challenge of de-risking by financial institutions as⁸⁰: *“The phenomenon of financial institutions terminating or restricting business relationships with clients or categories of clients to avoid, rather than manage, risk in line with the FATF’s risk-based approach.”*
- This has the potential to impact the gambling sector as well as the NPO sector in Jersey where certain types of customers and associations may be deemed to present a higher risk.
- As some institutions such as banks and insurance companies’ de-risk, there is the potential for higher risk customers to become concentrated in a smaller number of firms.
- The government and JFL have worked with a specialist third party risk management company to further analyse the risks associated with countries where JFL is promoting Jersey as an IFC. This helps to ensure Industry has a deeper understanding of the risks associated with a particular higher risk country and methods to mitigate.

⁷⁸ [Sound Business Practice Policy — Jersey Financial Services Commission \(jerseyfsc.org\)](https://www.jerseyfsc.org/sound-business-practice-policy)

⁷⁹ [Statement on abusive tax schemes \(gov.je\)](https://www.gov.je/statement-on-abusive-tax-schemes)

⁸⁰ [Unintended-Consequences.pdf \(fatf-gafi.org\)](https://www.fatf-gafi.org/unintended-consequences.pdf)

7.2 National Risk Assessments

In order to assess and better understand the AML/CFT/CPF risks at a national level, Jersey published its first money laundering NRA in 2020 and its first national risk assessment of terrorist financing in 2021.

FATF Recommendation 1 calls on countries to identify, assess and understand their money laundering and terrorist financing risks, and to take action to effectively mitigate those risks. Hence, the NRAs and their findings represent the current understanding of money laundering and terrorist financing risks and whilst there is a statutory obligation for financial services businesses under the Money Laundering Order to account for the risks outlined in the NRAs within their AML/CFT/CPF policies and procedures, government encourages businesses to use the NRAs as a fundamental tool when making commercial decisions about activities, products, and jurisdictions, where this is not already the case.

The combination of findings provided by the NRAs should serve businesses as a tool to navigate the boundaries between the different levels of AML/CFT/CPF risks in a consistent and transparent manner. National-level risk documents will serve businesses as a well-researched map describing the risk landscape to determine their own business plans whilst applying a risk-based approach.

Refreshing the National Risk Assessments

The completion of an NRA is not a one-off exercise. At each iterative stage, Jersey can document what it knows, and it can then build upon this knowledge with a more detailed understanding and further analysis of, for example, certain client types or products.

Refreshing the money laundering and terrorist financing NRAs is not just about repeating the previous exercise – it also involves expanding the scope of the risk assessment work and going deeper into certain risk factors.

As more NRAs are completed, Industry becomes more familiar with the terminology and methodology, making the process more collaborative and efficient.

Refreshing the NRAs includes the following four workstreams:

1. Expand the NRA to cover factors identified in the money laundering and terrorist financing NRAs as needing focus
2. Complete a more detailed consideration of the risks associated with either certain activities or risk factors
3. Update all the quantitative data, a key component of the risk assessment methodology supporting the findings of the money laundering and terrorist financing NRAs, to demonstrate ongoing understanding of risk
4. Focus on updating the national level assessment of money laundering/terrorist financing threat and vulnerability along with money laundering/terrorist financing risk in four of the five highest risk sectors as identified on the 2020 money laundering NRA heat map:
 - TCSPs
 - Funds and their service providers
 - Banking
 - Lawyers.

Expanding the National Risk Assessments

Both the money laundering and terrorist financing NRAs highlight products/services which were not part of the initial risk assessment but need to be considered or where the outcome of the NRAs warranted further risk analysis, for example in the funds sector, work in this respect commenced immediately following money laundering and terrorist financing NRAs publication. The focus, being:

- NPOs – published in 2022
- Family Offices – third party engaged to deliver a report regarding the level of this activity in the Island
- VA and VASP – overview published
- Legal persons and Arrangements – consider the inherent and residual risks of all Jersey legal persons and legal arrangements
- Jersey Private Funds – being finalised.

Not highlighted in the money laundering and terrorist financing NRAs, but in accordance with the FATF Recommendations, a risk assessment of proliferation financing will be completed.

Detailed Consideration of Certain Products or Risk Factors

The money laundering and terrorist financing NRAs highlighted the need to understand certain activities in greater detail:

- Wire transfer fund flows
- Higher-risk jurisdictions.

8. Actions Taken Since Publication of First National Risk Assessment in 2020

8.1 Introduction

Jersey has had a long-term commitment to combatting financial crime. Over the years, Jersey has had a number of strategies that have been documented and actioned as outlined in section 3.2.

The first money laundering NRA was published in September 2020, supported by a comprehensive series of videos to help Industry understand the process, threat and vulnerabilities, and residual risks. Industry also has to update their respective BRAs on publication of an NRA.

8.2 Updated Legislation

The States Assembly have adopted a number of legislative changes in relation to financial crime.

Table 3: Recent legislative updates

Law	Objective	Date Came Into Force
Proceeds of Crime (Miscellaneous Amendments No. 2) (Jersey) Regulations 2021	Confiscation of assets put into trusts by convicted persons	8 October 2021
Proceeds of Crime (Amendment No 4) (Jersey) Law 2021	Sharing information relating to trusts with competent authorities	8 October 2021
Proceeds of Crime (Supervisory Bodies) (Amendment) (Jersey) Law 2021	Supervisory bodies risk-based approach	8 October 2021
Proceeds of Crime (Amendment No 5) (Jersey) Law 2022	Confiscation of assets in bank accounts controlled by convicted persons	21 April 2022
Proceeds of Crime (Supervisory Bodies) (Amendment No 2) 2022	Criminality checks for DNFBPs	25 March 2022
Financial Services Commission (Amendment No 8) (Jersey) Law 2022	Extension of the civil financial penalties' regime	29 April 2022
Sanctions and Asset-Freezing (Amendment No. 2) (Jersey) Law 2022	Changes to reporting obligations, civil immunities provision, definitions and meanings	8 June 2022
Proceeds Of Crime (Amendment No. 7) (Jersey) Law 2022	Introduction of "failure to prevent money laundering" offence	24 June 2022
Proceeds of Crime (Amendment No. 6) (Jersey) Law 2022	Review of scope exemptions, going forward, only areas exempt from anti-money laundering measures with demonstrable low ML risk. <i>Will come into force only after the consultation period is complete, currently estimated to be later in 2022</i>	
Proceeds of Crime (Financial Intelligence) (Amendment)(Jersey) Regulations 2022	Amendment to Structure and Status of Jersey's FIU <i>Will come into force on such day or days as the States may by Act appoint.</i>	
Non-Profit Organisations (Miscellaneous Amendments) (Jersey) Law 2022	Introduction of certain CFT requirements for NPOs	

8.3 Restructuring the Financial Intelligence Unit and Suspicious Activity Reports

The FIU had received additional resources in 2010 and in 2019. However there has been significant further investment since 2020 into the FIU (as it was identified as an area of vulnerability in the 2020 money laundering NRA) with:

- Global search for a senior person to run the FIU
- An increase to the resources of the team with the addition of 15 people
- A revised operational structure
- Resources being ring fenced and not used in other activities
- Consideration of a new IT system
- Revised legislation.

The FIU launched a revised SAR template on 1 February 2022. The revised SAR template was created by collaborative efforts between the FIU and a dedicated industry SAR Template User Group.

The purpose of the changes were to allow:

- For a more detailed, clear and methodical way of reporting of money laundering/terrorist financing suspicion and any requisite consent requests
- The FIU to be able to action suspicion of money laundering/terrorist financing and consent matters in a more expeditious way
- The FIU to then work with industry to improve the quality of SARs
- To allow for better statistical information to be gathered by the FIU leading to better outreach and engagement with Industry of current money laundering/terrorist financing trends and identified typologies (consideration to be given to capturing environmental crimes). The aim being that the SARs better represent the risks recognised in the NRAs
- To aid with this transition, the FIU provided a user guide and webinar presentation to explain the changes and to help Industry complete the new template correctly.

The latest quarterly reports now have more granular data for agencies and industry to analyse.

8.4 Sanctions

Sanctions are not primarily a judicial tool for law enforcement. They are designed as a foreign policy tool to influence bad actors beyond the reach of law enforcement, in order to change their behaviour in support of national objectives.

Sanctions freeze assets by creating an offence of dealing with those frozen assets or providing economic resources or funds to a designated person.

Following the invasion of Ukraine by Russia, Jersey published a statement⁸¹ to advise: *“In accordance with our constitutional position, Jersey acts in line with the UK on matters of foreign policy. Jersey fully supports, has implemented, and will continue to implement, all UK and UN sanctions deployed in response to Russia’s actions. Our Jersey legislation to give force to these measures has severe criminal consequences, and any links to sanctioned entities or suspected breaches must be reported to the appropriate authorities.*

Our service providers operate within a well-regulated regime, maintaining accurate beneficial ownership information which in respect of Jersey established entities is filed in a sophisticated registry ensuring ease of access to the Jersey Financial Services Commission and Financial Intelligence Unit of the States of Jersey Police.

⁸¹ [Statement on Ukraine \(gov.je\)](#)

Further to this, I have instructed officials and agencies to establish an operational taskforce to ensure that all relevant agencies, including the Jersey Financial Services Commission and Financial Intelligence Unit of the States of Jersey Police, are coordinated in actively identifying and investigating relevant Russian assets in Jersey. This will support our cooperation with international authorities, in particular those in the UK and across the transatlantic task force, where potential activities or assets are identified.”

The taskforce represented a quickly formed partnership and a model that will be used in future when swift action is required across the private and public sector. It has created the ‘playbook’ if any changes are made without prior notice to the United Nations Security Council Resolutions.

8.5 JFSC Improvements to Support Industry

The JFSC invests heavily in building Industry’s awareness of AML/CFT/CPF matters at a national level, as well as at a practical level for individual businesses. Recent updates on key matters include:

- The series of NRA webinars during the global COVID-19 pandemic
- Advice on the development of the civil penalty regime through formal consultation and targeted outreach
- The publication of examination reports on customer risk, wire transfers, CFT training and general findings relating to AML/CFT/CPF⁸²
- The simplification of the regulatory rulebook to enhance Industry’s understanding of, and ability to mitigate, AML/CFT/CPF risks⁸³
- Publishing up-to-date guidance in relation to AML/CFT/CPF and sanctions, as well as highlighting data sources where additional information is accessible.

Financial Crime Prevention Capability Programme

The JFSC actively partners with government and agencies to develop Jersey’s regulatory framework in line with international standards. At the core of the JFSC’s 2021-2024 Strategy⁸⁴ is the delivery of its Financial Crime Prevention Capability Programme which includes:

- A focus on AML/CFT/CPF supervision including through the Financial Crime Examination Unit, and enhancements to the JFSC’s risk model
- The upgrading of registry systems to ensure full alignment to international best-practice as well as enhancements to the ongoing scrutiny of beneficial ownership and control in the jurisdiction
- A programme of legal and regulatory reform to ensure that Jersey’s regulatory framework is aligned to the FATF Standards.

Supervision

In addition to the Supervision Examination Unit, the JFSC set up a Financial Crime Examination Unit dedicated to focussing on anti-money laundering/countering the financing of terrorism, targeted sanctions and anti-bribery and corruption.

To support industry, the four sector specific handbooks have been merged into a consolidated AML/CFT/CPF Handbook. This will then allow the JFSC to simplify the AML/CFT/CPF Handbook in due course, as an initial step before building a digitised version.

⁸² [JFSC 2022 Examinations \(jerseyfsc.org\)](#), [JFSC 2021 Examinations \(jerseyfsc.org\)](#)

⁸³ [Additional information sources to support Industry in combatting financial crime — Jersey Financial Services Commission \(jerseyfsc.org\)](#)

⁸⁴ [Strategic framework 2021-2024 — Jersey Financial Services Commission \(jerseyfsc.org\)](#)

In 2021 the JFSC published an independent review of the authorisation process and then implemented a number of the findings including:

- Developed and deployed an authorisation risk framework to ensure an efficient and consistent approach to authorisations
- Developed and deployed distinct risk channels with supporting assessment control guidance
- Developed process flows to aid the agile management of case load across the team
- Updated delegated powers to improve the decision-making process
- Updated reporting around the authorisations process to ensure effective oversight
- Clarified policies and procedures
- Operational enhancements were made to the risk model, enabling a risk-based approach to the examination programme.
- Developing NPOs and VASP supervisory regimes.

Registry

The JFSC's Companies Registry delivered a modern and fully digital registry environment, provided operational efficiencies, greater security and gave users the ability to update and submit their information online. This has allowed the registry team to support increased volumes. The changes also support future system developments.

Registry customers now have access (via myRegistry, the registry portal and new application programming interface (API) channels) to update and submit their information.

The JFSC is investing in automated vetting for the Companies Registry.

The Financial Services (Disclosure and Provision of Information) (Jersey) Law 2020⁸⁵ came into force 6 January 2021, and is intended to address FATF Recommendation 24, which requires jurisdictions to “ensure that there is adequate, accurate and timely information on the beneficial ownership and control of legal persons that can be obtained or accessed in a timely fashion by competent authorities.” On incorporation or establishment, a Jersey entity must advise the JFSC of the details⁸⁶:

- Relating to its beneficial ownership. This information is not made available to the public
- Relating to its significant persons. This information is made available to the public.
- If there are any changes, or annually, the JFSC must be updated on beneficial ownership or significant persons.

Enforcement

Reforming and extending the current civil financial penalties regime for breaches of the Money Laundering Order and AML/CFT/CPF Codes of Practice to include DNFBPs, their Principal Persons and Key Persons, and other members of Senior Management.

⁸⁵ [Financial Services \(Disclosure and Provision of Information\) \(Jersey\) Law 2020 \(jerseylaw.je\)](#)

⁸⁶ [Key changes for regulated service providers — Jersey Financial Services Commission \(jerseyfsc.org\)](#)

9. Outcomes Sought

9.1 Strategic Priority One: Understanding the Threat and Performance Metrics

Outcome: Develop a better understanding of the threat posed by financial crime domestically and internationally and our performance in combatting financial crime. Increase understanding across both competent authorities and Industry of current and emerging financial crime risks and facilitating a coordinated approach to combat and mitigate those risks.

Introduction

Jersey must update and maintain its understanding of the threats and vulnerabilities from financial crime to Jersey as both a jurisdiction and as an IFC. This understanding allows the private and public sector to channel its resources into mitigating the greatest threats. Jersey undertakes periodic and thematic NRAs, which allow the government, agencies and industry to work together to create a comprehensive understanding of the threats, mitigants and action plans. There is an ongoing programme of risk work which is resulting in the development and publication of an increasingly developed set of risk documents. Industry is obliged to review its BRA in the light of each NRA published and revise/act accordingly. Industry should also consider this strategy document when it reviews its BRA.

It is also important to measure the effectiveness of jurisdictional efforts and target resources on the threats that are perceived to be the highest risk to both Jersey and those it supports as an IFC.

As the threats, vulnerabilities, consequences and risks are better understood through the NRAs, then the public and private sectors can better collaborate to reduce the threat.

As each NRA is published then a planned outreach and engagement programme is also put into place, using a combination of videos, webinars, trade body meetings, published articles and website updates.

Action 9.1.1

Maintain the national strategy and national action plan for combatting financial crime and countering the financing of terrorism.

We will:	<ul style="list-style-type: none"> Review the 2022 - 2026 national strategy and national action plan for combatting money laundering, the financing of terrorism and the financing of proliferation of weapons of mass destruction (this document) every two years or as a result of a significant trigger event Ensure after each review the strategy is endorsed by the highest levels of Government and regularly reviewed at PSG Original version signed off at PSG September 2022 and then noted by the Council of Ministers and lodged as a report with the States Assembly.
We will do by:	<ul style="list-style-type: none"> Added to PSG terms of reference to review regularly and refresh every two years First refresh due September 2024.
We will measure our success by:	<ul style="list-style-type: none"> The refreshed plan is approved at the highest political level (PSG) Each refresh is published.
It will be led by:	Government

Action 9.1.2

Update the national risk appetite.

We will:	<ul style="list-style-type: none">Update the national risk appetite which serves as a 'compass' for industry to help them determine their own business strategies and appetites. An initial National Risk Appetite Statement will be published and then a more detailed version will be published, in line with the metrics and data from research, particularly on activities of legal entities.
We will do by:	<ul style="list-style-type: none">Initial version H2 2022Detailed version H2 2023.
We will measure our success by:	<ul style="list-style-type: none">Approval of the plan at the PSG. It will then be published.
It will be led by:	Government

Action 9.1.3

Update existing, and conduct new, national risk assessments.

We will:	<ul style="list-style-type: none">Update NRAs and create new NRAs for strategically important areasExpand risk assessment scope to include family offices, legal persons/arrangements, proliferation financingRisk refresh: money laundering/terrorist financing quantitative data, wire transfer, high risk jurisdictions, threat, vulnerability, deposit-taking sector, funds sector, trust and corporate service providers sector, legal sector.
We will do by:	<ul style="list-style-type: none">All completed by December 2023.
We will measure our success by:	<ul style="list-style-type: none">Each NRA or refresh will be noted at PSG and then published to Industry. Where appropriate, explanatory sessions/videos will be arranged to help upskill Industry in the findings.
It will be led by:	Government

Action 9.1.4

Develop a fully operational performance system to measure what works in combatting financial crime – National Statistics Database.

We will:	<ul style="list-style-type: none">To fully measure the efforts in the public and private sectors in disrupting financial crime, the government team will develop performance indicators from a National Statistics Database to monitor activities being undertaken to tackle financial crimeAll competent authorities and industry are engagedThe programme will also look how to gather and present data back to governance forums such as PSG.
We will do by:	<ul style="list-style-type: none">June 2023.
We will measure our success by:	<ul style="list-style-type: none">Government to have central database that all agencies feed into, providing a holistic picture for Jersey.
It will be led by:	Government

Action 9.1.5

Improve data related to freezing, seizing and confiscation.

We will:	<ul style="list-style-type: none">• Develop reliable and reconciled national statistics on freezing, seizing and confiscation, regularly monitor national performance at appropriate governance forum, and take any corrective action that appears necessary. Confiscation statistics to include both amounts ordered, and amounts realised if available• Build ringfenced (for security reasons) section of database for investigations and prosecutions data.
We will do by:	<ul style="list-style-type: none">• June 2023.
We will measure our success by:	<ul style="list-style-type: none">• Builds on action 9.1.4
It will be led by:	Government.

Action 9.1.6

Data to improve risk understanding.

We will:	<ul style="list-style-type: none">• Improve processes for collection of data and information to determine:<ul style="list-style-type: none">○ asset classes, origin of investors and geographical location of funds managed out of Jersey○ the volume and extent of ownership/intermediary chains.
We will do by:	<ul style="list-style-type: none">• Q4 2022 (NRA data and information, effectiveness review framework (ERF) monitoring)• Q4 2023 (digital by design regulatory submissions).
We will measure our success by:	<ul style="list-style-type: none">• Use of data and information collected through the NRA of Legal Persons and Arrangements (Q4 2022) to enhance understanding of products, services and regulated service providers• Developing regulatory submissions so that they are 100% 'digital by design' by January 2024• Ongoing monitoring by JFSC ERF overseen by internal Regulatory Effectiveness Committee.
It will be led by:	JFSC

Action 9.1.7

Review exemptions.

We will:	<ul style="list-style-type: none">• Review the existing legal provisions granting exemptions from the AML/CFT requirements and determine whether they can be substantiated based on existing low risks• Document the risk assessments where exemptions are maintained.
We will do by:	<ul style="list-style-type: none">• December 2022.
We will measure our success by:	<ul style="list-style-type: none">• The delivery of updated legislation and associated guidance.
It will be led by:	JFSC

Action 9.1.8

Monitoring of jurisdictional risk at a national level.

We will:	<ul style="list-style-type: none">Government will establish a group to coordinate monitoring of jurisdictional risk at a national level and implementation of proportionate responses to Government's international strategies.
We will do by:	<ul style="list-style-type: none">Q4 2022 and tri-annual thereafter.
We will measure our success by:	<ul style="list-style-type: none">Establishment of group terms of reference and 2022 strategic jurisdictions.
It will be led by:	Government

Action 9.1.9

Coordinated approach to risk analysis for financial services for new jurisdictions.

We will:	<ul style="list-style-type: none">Prior to promoting Jersey in new jurisdictions, JFL will engage with all key stakeholders, to help understand the risks associated with a new jurisdiction.
We will do by:	<ul style="list-style-type: none">Each time a new jurisdiction is considered.
We will measure our success by:	<ul style="list-style-type: none">A risk analysis will have been completed for each potential new jurisdiction. This analysis can then link to any refresh or the national risk appetite statement.
It will be led by:	JFL

9.2 Strategic Priority Two: Better Information Sharing and Coordination

Outcome: Pursue better sharing and usage of information to combat financial crime within and between the public and private sectors across all participants, including competent local and international parties.

Introduction

As the world becomes ever more digitalised, accelerated through the global COVID-19 pandemic, then the effective gathering and usage of data, information and intelligence will help to prevent money laundering, terrorist financing and proliferation financing. However, this data is spread across various agencies and industry, with strict policies/rules and legislation to protect the unlawful use or abuse of this data. Bringing all the data together to then create a more holistic picture to help Jersey fight financial crime is a key objective. The UK Economic Crime Plan summarised the imbalance: *“Criminals and terrorists ruthlessly exploit this information asymmetry to hide their ill-gotten gains and prevent their criminality from being exposed.”*

Industry and the agencies are supportive of the PPP approach. This builds on open communication channels and regular outreach, with mutual cooperation leading to improved coordination. It also helps to add both visibility and pace to programmes of work.

To enhance the quality of SARs and ensure they cover the key threats raised in the NRAs, the FIU must work more closely with industry.

Action 9.2.1

FIU Industry engagement - Jersey Financial Information Network (JFIN).

We will:	<ul style="list-style-type: none"> The Financial Investigation Unit must intensify its engagement with the private sector to attune it to Jersey’s money laundering/terrorist financing/proliferation financing risks as identified in its NRAs, and to generate more and better-quality SARs, including environmental crimes. This includes the development by the Jersey authorities, in consultation with the private sector, of practical, locally based guidance and money laundering indicators, which address the risks Jersey faces and the particular types/typologies of laundering within Jersey to which FIs and DNFBPs need to be alert (and to report as SARs).
We will do by:	<ul style="list-style-type: none"> December 2022.
We will measure our success by:	<ul style="list-style-type: none"> Creation of a Jersey equivalent JFIN to the UK JMLIT partnership.
It will be led by:	FIU

Action 9.2.2

Undertake a cross-agency review of lessons learnt and best practice from the recent sanctions exercise.

We will:	<ul style="list-style-type: none"> Undertake a PPP review of lessons learnt, positives from the creation of the taskforce and embed best practice for future approach to recent sanctions threats, focussing on geographies and sectors at a national level, where threats are imported into Jersey from the cross-border nature of being an IFC Use to inform the trigger event process for the national strategy, as recorded in this document.
We will do by:	<ul style="list-style-type: none"> Q1 2023.
We will measure our success by:	<ul style="list-style-type: none"> A review of lessons learnt shared with PSG.
It will be led by:	Government

Action 9.2.3

Enhance domestic operational information sharing between key financial crime agencies.

We will:	<ul style="list-style-type: none">Review and develop the effectiveness of domestic information sharing between FIU, ECCU and JFCU Operational Unit at the regular Tripartite Group meetingLook to consider protocols for information sharing with all authorities more generally and measure the effectiveness of that information sharing.
We will do by:	<ul style="list-style-type: none">Q3 2023.
We will measure our success by:	<ul style="list-style-type: none">Policies, procedures and protocols produced. Case metrics measures.
It will be led by:	All agencies

Action 9.2.4

Develop international information sharing mechanisms.

We will:	<ul style="list-style-type: none">Further develop international information sharing mechanisms, particularly developing outgoing MLA requests, FIU exchanges of intelligence, law enforcement relationships and regulator to regulator. This should be accompanied by metrics measuring exchange and its effectiveness and also be linked to risk identified.
We will do by:	<ul style="list-style-type: none">Q4 2023.
We will measure our success by:	<ul style="list-style-type: none">Metrics on information exchange, links to risk work, development of new relationships for exchanging information.
It will be led by:	All agencies

Action 9.2.5

Enhance public private partnership approach.

We will:	<ul style="list-style-type: none">Enhance the working relationship between the public and private sectors building on international best practiceEstablish Jersey's own PPP structure and decide which cells to develop, in conjunction with the proposed JFIN approach (action 9.2.1)Build and publish an ongoing outreach programme managed by the Government and JFSC, to include consultations ahead of relevant changes in legislation, roadshows and the continued use of working groups comprising subject matter experts from the public and private sectorsThe approach will be enhanced by the creation of an online facility acting as the central point for all useful information in the prevention of money laundering, terrorist financing and proliferation financing. There will also continue to be recorded webinars to provide additional contextual support to impending changesContinue use of regulatory colleges where information on regulated entities is shared.
We will do by:	<ul style="list-style-type: none">H1 2023.
We will measure our success by:	<ul style="list-style-type: none">Assessment of the number and type of cells developed through this frameworkAccountability and objectivity assessment set by each cell and overseen by the PPP Operational Board (Monitored by the PSG/CDG process)Assessment of interest through both web-based activity and face-to-face contributionsAbility to horizon scan and use external information to assist in the direction of travel.
It will be led by:	Government

9.3 Strategic Priority Three: Powers, Procedures, Preventative Measures and Tools

Outcome: Ensure the powers, procedures, preventative measures and tools of law enforcement, the justice system and the private sector are fit-for-purpose and as effective as possible. Consider, implement, and monitor all international standards relevant to financial crime to ensure Jersey continues to play its part in the global fight to combat money laundering, the financing of terrorism and the financing of proliferation of weapons of mass destruction.

Introduction

The Government emphasises the strategic importance, commitment and buy-in at all levels of government (including at the political level) to achieve positive outcomes in the pursuit of criminals, especially those based overseas who attempt to abuse Jersey’s position as an IFC.

Jersey continually seeks to deprive criminals of their proceeds of crime and demonstrate that crime does not pay by stopping third-party money launderers, other offenders through prosecutions, asset recovery agreements and forfeiture of assets to deprive criminals of their ill-gotten gains.

The Office of the Jersey Charity Commissioner has supported extensively on the 2022 NPO NRA. In its annual report⁸⁷ it describes its priority to provide advice to the Minister on the issue of charitable trusts in relation to the Charities Law. Any output from this work would feed into any future refresh of the NPO NRA, as required.

Action 9.3.1

Prosecutions

We will:	<ul style="list-style-type: none"> • Develop a strategy to focus appropriate efforts towards the key money laundering threats as identified in the NRAs • Produce operational guidance on the effective investigation of money laundering, terrorist financing and other types of financial crime.
We will do by:	<ul style="list-style-type: none"> • Q1 2023.
We will measure our success by:	<ul style="list-style-type: none"> • Carrying out regular quantitative and qualitative reviews of money laundering investigations and prosecutions through the effectiveness data reporting. Reviews used to develop the strategy and consider appropriate allocation of resources.
It will be led by:	LOD

Action 9.3.2

Law Officers’ Department policies and manuals

We will:	<ul style="list-style-type: none"> • Enhance clarity for the relevant teams by creating and embedding policies/manuals that ensure the following are in place: <ul style="list-style-type: none"> ○ Parallel investigations in financial crime cases policy ○ Investigations and prosecution manual ○ MLA manual ○ Terrorist financing manual.
We will do by:	<ul style="list-style-type: none"> • December 2022.
We will measure our success by:	<ul style="list-style-type: none"> • Policies/manuals signed off.
It will be led by:	LOD

⁸⁷ [Annual-Report-2021-final.pdf \(charitycommissioner.je\)](#)

Action 9.3.3

Non-profit organisations

We will:	<ul style="list-style-type: none">Expand the obligations imposed on NPOs which are at a higher risk of being abused for terrorist financing purposes and designate the JFSC with the full range of powers and mandate of an NPO supervisor.
We will do by:	<ul style="list-style-type: none">December 2022.
We will measure our success by:	<ul style="list-style-type: none">Legislative amendments in force.
It will be led by:	Government

Action 9.3.4

Legal powers to prevent activity outside of national risk appetite

We will:	<ul style="list-style-type: none">Create legal powers to prevent any prescribed activity that occurs which is defined as outside of the National Risk Appetite.
We will do by:	<ul style="list-style-type: none">Post H1 2023 when the detailed version of the national risk appetite is published.
We will measure our success by:	<ul style="list-style-type: none">All necessary powers are tabled for approval as reported to PSG.
It will be led by:	Government

Action 9.3.5

Deferred prosecution agreement regime

We will:	Introduce a new Deferred Prosecution Agreement Law.
We will do by:	Q1 2023.
We will measure our success by:	Legislation passed.
It will be led by:	Government.

Outcome: Strengthen the capabilities of law enforcement, the justice system and private sector to detect, deter and disrupt money laundering, the financing of terrorism and the financing of proliferation of weapons of mass destruction.

Introduction

A change to the Proceeds of Crime (Jersey) Law 1999 was adopted, creating a new offence of failure to prevent money laundering and terrorist financing. This corporate criminal offence captures the activity of regulated businesses. It enhances the overall effectiveness and dissuasiveness of the sanctions available to Jersey Courts.

Considering the different stages of money laundering process, and as an IFC, Jersey is more exposed to the layering stage. Therefore, this legislation is considered beneficial to enable prosecutions consistent with Jersey’s threats and risk profile.

The recently introduced civil financial penalties regime⁸⁸ has potentially made recruitment of roles within risk functions more difficult. Consequently, there is a need to ensure as a jurisdiction there is a broad programme to ensure the development of local, diverse, skilled resource to fill roles as they occur across industry, agencies and the JFSC.

In support of this goal, JFL undertake an annual survey of its members, the Employment and Growth Survey⁸⁹, which also looks at a high level, at the skills, skill gaps and skills required as Jersey move to greater digitalisation of services.

As recruitment becomes more challenging, then there is a resultant wage inflation. In addition, as the expectation of pace of delivery increases across public and private sectors, there will be both delays and also increased reliance upon subject matter experts.

As the criminals become more sophisticated to evade detection, the investigations work becomes more complex, takes more resource, and can take longer to come to fruition.

Action 9.4.1

Develop a sustainable and long-term resourcing model for financial crime reform

We will:	<ul style="list-style-type: none"> • Conduct, on the national level, a resource benchmarking exercise for financial crime to determine the balance between the materiality and complexity of Jersey as an IFC • Initially create a methodology to assess resources and then undertake an annual benchmarking exercise by the agencies to ensure any resourcing requirements can be added into the governmental annual resourcing plans.
We will do by:	<ul style="list-style-type: none"> • Q4 2022.
We will measure our success by:	<ul style="list-style-type: none"> • Annual review process presented to PSG.
It will be led by:	Government

⁸⁸ [Updated Consolidated AML/CFT Handbook to capture change in legislation for imposing civil financial penalties — Jersey Financial Services Commission \(jerseyfsc.org\)](#)

⁸⁹ [Employment and Growth Survey \(jerseyfinance.je\)](#)

Action 9.4.2

FIU strategic review

We will:	<ul style="list-style-type: none">Undertake a strategic review of operational independence of reporting lines, seniority, and resourcing of the FIU as well as development of IT system.
We will do by:	<ul style="list-style-type: none">H1 2023.
We will measure our success by:	<ul style="list-style-type: none">New head of FIU appointed. Regular updates on wider FIU plan reported to PSG.
It will be led by:	Government

Action 9.4.3

Training and succession planning

We will:	<ul style="list-style-type: none">As documented in the Financial Services Policy Framework, the priority is to deepen and broaden the skills and expertise of Jersey's workforceJersey will invest in creating a local workforce with the skills for the future through a collaborative programme between government, the JFSC and industry that identifies the skills needed, and seeks to attract, retain, and develop the professionals required.
We will do by:	<ul style="list-style-type: none">Timescales available once plan written.
We will measure our success by:	<ul style="list-style-type: none">To be taken from the plan once written.
It will be led by:	Government

Action 9.4.4

Continue to disrupt fraudsters and reduce the number of people who become victims of fraud through the existing Private Public Partnerships of Jersey Fraud Prevention Forum (JFPF)

We will:	<ul style="list-style-type: none">Build on the existing Jersey Fraud Prevention Forum (JFPF) strategy and broaden its activities across the Island, co-ordinate activity and enhance all aspects of the preventative work and engagement with the public. Seek increased funding to enhance and widen the existing work undertaken.
We will do by:	<ul style="list-style-type: none">Q4 2023 before existing funding runs out.
We will measure our success by:	<ul style="list-style-type: none">Number of people annually who are victims of fraud vs prior years (use UK as comparative measure)Amount of losses in £s vs prior years (use UK as comparative measure).
It will be led by:	States of Jersey Police and JFPF

Outcome: Build greater resilience to financial crime by enhancing the management of financial crime risk in the private sector and the risk-based approach to supervision.

Introduction

The JFSC applies a risk-based approach to its supervision of industry's compliance with AML/CFT/CPF obligations.⁹⁰ Underpinning this approach is the JFSC's risk model which utilises data collected from industry on activities undertaken, the profile of these activities and data on events provided to the JFSC by businesses as they occur.

The data collected by the JFSC provides the mainstay of the underlying information on supervised businesses for the NRAs⁹¹. Through the national risk process, government, the JFSC and all agencies develop a clear understanding of risk indicators, threats and vulnerabilities then develop approaches to addressing vulnerabilities through their work.

In addition to regular data collection and ongoing supervisory engagement to build risk understanding, the JFSC participates in regulatory colleges with peers from other jurisdictions to build deeper understanding of cross-border activities.

The JFSC invests heavily in its programme of outreach and engagement on risk understanding which links directly to the government's nationally coordinated outreach, and the work of Jersey Finance on jurisdiction risk understanding⁹².

A risk-based approach is taken by the Office of the Jersey Charity Commissioner, which also applies to the elements of preventing financial crime: high risk charities (circa 20 entities, 4.5%) have face-to-face annual meetings or information exchanges to review risk mitigation and management; moderate risk entities (circa 40 charities, 8.5%) enhanced information supplied at annual return; low risk entities (circa 380 charities 85%) have annual return filing and validation recorded to public register.

Simplification and automation will help to reduce the complexity of onboarding new connections, helping industry build a better customer experience, whilst improving compliance monitoring. Digitisation of the handbook will help the development of innovative solutions to make the process better for all concerned. The client base in Jersey is varied, for example there is a wide range of different funds structures offered for an even wider range of assets, all requiring different solutions.

FATF encourages the take-up of digital identification systems for supporting KYC obligations, as transactions that rely on reliable, independent digital ID systems with appropriate risk mitigation measures in place, may present a standard level of risk, and may even be lower risk than more traditional paper-based methods of identification and verification, whilst at the same time increase the scope of inclusion of financial services for individuals.

Most regulated businesses in Jersey rely at least in part on manual paper-based checks involving face-to-face verification, which have long been recognised as imposing significant costs and inconvenience for their customers. Ongoing verification is then required in the event of particular transactions which further adds to the burden of a specific regulated business.

⁹⁰ [8A Duty of supervisory body to use a risk-based approach \(jerseylaw.je\)](http://jerseylaw.je)

⁹¹ [NRA Money Laundering \(gov.je\)](http://gov.je), [NRA Terrorist Financing \(gov.je\)](http://gov.je), [NRA NPOs \(gov.je\)](http://gov.je), [VA Risk Overview \(gov.je\)](http://gov.je)

⁹² [JAE Financial Crime Risk Assessment Roundtable – In Partnership with Themis | News | Jersey Finance](http://www.jerseyfinance.com)

Action 9.5.1

Wire transfers

We will:	<ul style="list-style-type: none">Complete the analysis of the financial flows with the 21 jurisdictions (where there is an incomplete understanding of the reasons for transfers from/to Jersey).
We will do by:	<ul style="list-style-type: none">Q1 2023.
We will measure our success by:	<ul style="list-style-type: none">An understanding obtained of payments to the 21 jurisdictions.
It will be led by:	Government

Action 9.5.2

Enhance JFSCs approach to risk-based supervision

We will:	<ul style="list-style-type: none">The JFSC will continue to enhance its risk-based approach to AML/CFT/CPF supervision. This includes using data and information to focus its work on activities that have the greatest impact across the range of firms it supervises. This will be achieved through greater use of intelligence and data, including through the fuller use of the information collected from Industry annually.
We will do by:	<ul style="list-style-type: none">H2 2023.
We will measure our success by:	<ul style="list-style-type: none">Ultimately reported via the JFSC annual report and business plan.
It will be led by:	JFSC

Action 9.5.3

Support innovation in regulatory compliance for AML/CFT/CPF

We will:	<ul style="list-style-type: none">The JFSC will actively support the adoption of regulatory technology (RegTech) by the private sector particularly where it improves Jersey's AML/CFT/CPF capabilities⁹³. This will include:<ul style="list-style-type: none">developing regulatory submissions so that they are 100% 'digital by design' by January 2024providing greater clarity on our regulatory expectations through expanded outreach and engagementcollaborating with other agencies on skills development to support enlarged capability for the JFSC, government and industryclarifying and simplifying the regulatory framework to enable the digitalisation of regulatory content.
We will do by:	<ul style="list-style-type: none">2024.
We will measure our success by:	<ul style="list-style-type: none">The JFSC will implement the actions and recommendations from the RegTech Associates "RegTech in Jersey: Closing the gap between ambition and reality" report of July 2022⁹⁴. Delivery will be demonstrated in our annual reports, business plans, and through the JFSC's Innovation Hub.
It will be led by:	JFSC

⁹³ [Growing RegTech adoption in Jersey — Jersey Financial Services Commission \(jerseyfsc.org\)](https://www.jerseyfsc.org/growing-regtech-adoption-in-jersey)

⁹⁴ [Regtech RT Associates Report — Jersey Financial Services Commission \(jerseyfsc.org\)](https://www.jerseyfsc.org/regtech-rt-associates-report)

Action 9.5.4

Adoption of Digital ID Systems

We will:	<ul style="list-style-type: none">• Government and JFSC are consulting on supporting a step change in regulated businesses making greater use of digital ID systems to satisfy the identification and verification element of their KYC obligations thereby:<ul style="list-style-type: none">○ lowering the cost of transactions compared to multiple paper-based checks○ improving the customer experience by avoiding unnecessary duplication of such checks○ improving the accuracy and reliability of KYC processing within Jersey○ improving efficiency for regulated businesses leaving them freer to divert human resources to other more bespoke tasks, such as risk analysis work.
We will do by:	<ul style="list-style-type: none">• Consultation issued and Industry views provided by Q4 2022
We will measure our success by:	<ul style="list-style-type: none">• Increase in usage of digital ID.
It will be led by:	Government

9.6 Strategic Priority Six: Transparency and Ownership

Outcome: Improve our systems for transparency of ownership of legal entities and legal arrangements.

Introduction

The JFSC operates the Companies Registry which registers Jersey companies, partnerships, foundations, and business names. The Registry responsibilities include:

- Acting as Jersey's first line of defence (second line for regulated businesses) for AML/CFT/CPF defence checks
- Assessing and recording beneficial ownership and control details
- Monitoring and vetting adherence to the SBPP.

Within the international registry community, Jersey is regarded as a centre of excellence for its registries. This can be seen for example by the agreement to provide shared services to government on request. The registry manages global continuance, cross-border mergers, and international transparency requirements.

Jersey, together with the other Crown Dependencies and Overseas Territories entered into the EoN agreement with the UK on 13 April 2016. Following a Ministerial Decision dated 30 June 2017, the FIU was granted access to the beneficial owner and controller information held by the JFSC for the purposes of the EoN agreement.

If the FIU requires information in any other circumstances to assist in its analysis and enhancement of financial intelligence, it is required to make a direct request to the JFSC. Whilst information can be obtained and is always forthcoming, there is a delay (never more than 48 hours) when compared to the procedure under the EoN agreement which allows the FIU to instantly access the beneficial owner and controller information. Should the JFCU Operations Unit (criminal investigations) wish to have similar information for evidential purposes then a production order is served on the JFSC.

Revenue Jersey are also provided with information on beneficial owners and controllers. This is usually done under a production order.

For charities, the governors of the 'General Section' registered charities are recorded on a public register and updated annually. Governors of the 'Restricted Section' charities are recorded by the Office of the Jersey Charity Commissioner and updated annually but are not displayed as part of the public part of the register.

Limited information is presently available to authorities in relation to trusts.

Action 9.6.1

Local agencies direct access to beneficial ownership

We will:	<ul style="list-style-type: none">• Grant FIU, Revenue Jersey and the Attorney General the capacity to obtain beneficial owner information directly from the registry.
We will do by:	<ul style="list-style-type: none">• Q4 2022.
We will measure our success by:	<ul style="list-style-type: none">• Statistics on how often the facility is used.
It will be led by:	JFSC

Action 9.6.2

Beneficial ownership registers

We will:	<ul style="list-style-type: none">• Following on from previous announcements⁹⁵ and commitment to further increase transparency and accessibility (while maintaining high standards of accurate, up to date, verified information) continue to deliver access in line with political commitments and developing international standards.
We will do by:	<ul style="list-style-type: none">• Continue to deliver measures in line with commitments.
We will measure our success by:	<ul style="list-style-type: none">• Delivery of political commitments.
It will be led by:	Government

Action 9.6.3

Timely access to trust information

We will:	<ul style="list-style-type: none">• Create a plan based on the outputs of the legal persons/arrangements NRA to address timely access to trust information.
We will do by:	<ul style="list-style-type: none">• Initiate the plan in 2023.
We will measure our success by:	<ul style="list-style-type: none">• To be built as part of the plan.
It will be led by:	Government

⁹⁵ [Beneficial ownership registers \(gov.ie\)](https://gov.ie)

9.7 Strategic Priority Seven: International Strategy

Outcome: Deliver an international strategy to enhance Jersey’s leading position on financial crime prevention with a hostile environment to criminals.

Introduction

Jersey takes seriously the part it can play in driving positive change in the world, and will continue to adopt international standards, adapt to technological advances, and use its expertise to move towards a more environmentally and socially sustainable global economy.

The regulators and agencies all have very good links with their UK counterparts.

The Government of Jersey Global Relations Team seeks to position Jersey as a more influential international partner by developing Jersey's commercial and political links with priority, high growth markets outside Europe. Specifically, it is responsible for increasing the Island's positive visibility, improving Jersey's access to key decision makers, and expanding Jersey’s treaty network – facilitating business flows to and from the Island with priority non-EU markets.

These objectives are achieved by building broad-based and sustainable government-to- government relationships across a range of common interests, supported by a robust network of international agreements including double taxation agreements (DTAs); bilateral investment treaties (BITs); asset recovery agreements and memoranda of understanding (MOUs).

The Global Relations Team routinely look for opportunities for international partner jurisdictions to develop their capacities in tackling financial crime utilising Jersey’s own expertise in this field. Examples include the signing of a MOU between Jersey and Kenya on financial cooperation⁹⁶ and a visit by a delegation from Rwanda to Jersey to enhance cooperation across the financial services sector, including supporting Rwanda’s ongoing efforts to develop its offering as an IFC.

The Government of Jersey assists in implementing UN and autonomous UK sanctions in accordance with international standards. As Competent Authority for financial sanctions, the Minister for External Relations makes proposals for legislative changes, issues sanctions licences, and receives sanctions compliance reports. Work also includes publishing guidance and engaging with industry to raise awareness.

In January 2021, the Minister made the Sanctions and Asset-Freezing (Implementation of External Sanctions) (Jersey) Order 2021. This marked the transition from the implementation of autonomous EU sanctions to autonomous UK sanctions, and much guidance was updated as a result both on gov.je and JFSC. As a result of the changes a programme of outreach was delivered to industry to raise awareness through guidance and a webinar in collaboration with the JFSC.

Action 9.7.1

Awareness raising activities in respect of proliferation financing

We will:	<ul style="list-style-type: none">Expand upon April 2022 communications by the JFSC and create a suite of communications for industry building their knowledge and expanding upon the JFSC guidance.
We will do by:	<ul style="list-style-type: none">Ongoing updates.
We will measure our success by:	<ul style="list-style-type: none">Financial Crime website updated.
It will be led by:	JFSC

⁹⁶ [Tackling financial crime in Kenya \(gov.je\)](https://www.gov.je/legislation/legislation-act/2022/10)

Action 9.7.2

Seek international best practice

We will:	<ul style="list-style-type: none">• Create a workstream to engage with other IFCs and jurisdictions processes to seek out best practice and collectively solve common problems.
We will do by:	<ul style="list-style-type: none">• Q3 2023.
We will measure our success by:	<ul style="list-style-type: none">• Plan approved.
It will be led by:	Government

Action 9.7.3

The effectiveness of tax enforcement and cooperation

We will:	<ul style="list-style-type: none">• Further develop our understanding of the potential residual risk of money laundering from foreign tax crime (as identified in the 2020 Money Laundering NRA) and consider this alongside the effectiveness of tax enforcement and cooperation.
We will do by:	<ul style="list-style-type: none">• Q4 2023.
We will measure our success by:	<ul style="list-style-type: none">• Plan approved.
It will be led by:	Government

10. Action Plan and Key Performance Metrics

10.1 Action Plan Summary

Action	Responsible Agency(s)	Due Date
Strategic Priority One: Understanding the Threat and Performance Metrics Outcome: Develop a better understanding of the threat posed by financial crime domestically and internationally and our performance in combatting financial crime. Increase understanding across both competent authorities and Industry of current and emerging financial crime risks and facilitating a coordinated approach to combat and mitigate those risks.		
9.1.1 Maintain the national strategy and national action plan for combatting financial crime and countering the financing of terrorism.	GoJ	September 2024
9.1.2 Update the National Risk Appetite statement	GoJ	H2 2022 H2 2023
9.1.3 Update existing National Risk Assessments and conduct new NRAS	GoJ	December 2023
9.1.4 Develop a fully operational performance system to measure what works in combatting financial crime – National Statistics Database	GoJ	June 2023
9.1.5 Improve data related to freezing, seizing and confiscation	GoJ	June 2023
9.1.6 Data to improve risk understanding	JFSC	Q4 2023
9.1.7 Review exemptions	JFSC	December 2022
9.1.8 Monitoring of jurisdictional risk at a national level	GoJ	Q4 2022
9.1.9 Coordinated approach to risk analysis for financial services for new jurisdictions	JFL	varies
Strategic Priority Two: Better Information Sharing and Coordination Outcome: Pursue better sharing and usage of information to combat financial crime within and between the public and private sectors across all participants, including competent local and international parties.		
9.2.1 FIU Industry engagement: Jersey Financial Information Network (JFIN)	GoJ	December 2022
9.2.2 Undertake a cross agency review of lessons learnt from the recent sanctions exercise	GoJ	Q1 2023
9.2.3 Enhance domestic operational information sharing between key financial crime agencies	All agencies	Q3 2023
9.2.4 Develop international information sharing mechanisms	All agencies	Q4 2023
9.2.5 Enhance Public private Partnership approach	GoJ	H1 2023
Strategic Priority Three: Powers, Procedures, Preventative Measures and Tools Outcome: Ensure the powers, procedures, preventative measures and tools of law enforcement, the justice system and the private sector are fit-for-purpose and as effective as possible. Consider, implement, and monitor all international standards relevant to financial crime to ensure Jersey continues to play its part in the global fight to combat money laundering, the financing of terrorism and the financing of proliferation of weapons of mass destruction.		
9.3.1 Prosecutions	LOD	Q1 2023
9.3.2 LOD policies and manuals	LOD	December 2022
9.3.3 NPO	GoJ	December 2022
9.3.4 Legal powers to prevent activity outside of National Risk Appetite	GoJ	Post H1 2023
9.3.5 Deferred Prosecution Agreement regime	GoJ,	Q1 2023

Strategic Priority Four: Enhanced Capabilities of Law Enforcement, the Justice System and Private Sector Outcome: Strengthen the capabilities of law enforcement, the justice system and private sector to detect, deter and disrupt money laundering, the financing of terrorism and the financing of proliferation of weapons of mass destruction.		
9.4.1 Develop a sustainable and long-term resourcing model for financial crime reform	GoJ	Q4 2022
9.4.2 FIU strategic review	FIU	H1 2023
9.4.3 Training and succession planning	JFL	Subject to plan
9.4.4 Continue to disrupt fraudsters and reduce the number of people who become victims of fraud	SoJ Police JFPF	Q4 2023
Strategic Priority Five: Risk-Based Supervision and Risk Management Outcome: Build greater resilience to financial crime by enhancing the management of financial crime risk in the private sector and the risk-based approach to supervision.		
9.5.1 Wire transfers	GoJ,	Q1 2023
9.5.2 Enhance JFSC 's approach to risk-based supervision	JFSC	H2 2023
9.5.3 Support innovation in regulatory compliance for AML/CFT/CPF	JFSC	2024
9.5.4 Adoption of digital ID Systems	GoJ	Q4 2022
Strategic Priority Six: Transparency and Ownership Outcome: Improve our systems for transparency of ownership of legal entities and legal arrangements.		
9.6.1 Local Agencies Direct Access to Beneficial Ownership	JFSC	Q4 2022
9.6.2 Beneficial ownership registers	GoJ	H1 2023
9.6.3 Limited information is presently available to authorities in relation to trusts.	GoJ	H1 2023
Strategic Priority Seven: International Strategy Outcome: Deliver an international strategy to enhance Jersey's leading position on financial crime prevention with a hostile environment to criminals.		
9.7.1 Awareness raising activities in respect of proliferation financing	JFSC	ongoing
9.7.2 Seek international best practice	GoJ	Q3 2023
9.7.3 The effectiveness of tax enforcement and cooperation	GoJ	Q4 2023

10.2 Key Performance Metrics

The National Statistics Database requirements are based upon the FATF AML/CFT/CPF related data and statistics themes⁹⁷. Over time, the government and agencies will develop the data feeds to allow these data items to be captured. Therefore, the measurement of success will be measured against completion of the actions in this plan and how the metrics perform over a period of time, as reported to PSG.

The provision of national level data allows Jersey and PSG to have a clear understanding on how well the risks are being mitigated via the action plan. PSG currently does not have a sufficiently detailed view of all the key aspects at a jurisdictional level, a gap that the National Statistics Database is being designed to close.

The progress against this action plan will be tracked at PSG. Individual programmes of work may have their own outcomes they measure.

Jersey Financial Intelligence Unit: Suspicious Activity Reports Industry Feedback⁹⁸

On 27 May 2022 the FIU issued to Industry their newly designed quarterly report, for Q1 2022. It is designed to provide feedback to the submitters of SARs on recorded data received by the Jersey FIU. Changes were made to the SAR template from 1 February 2022, which allow for more detailed analysis of information contained within the SAR and hence better feedback of SAR data to Industry.

⁹⁷ <https://www.fatf-gafi.org/media/fatf/documents/reports/AML-CFT-related-data-and-statistics.pdf>

⁹⁸ <q1-22-fiu-sar-report.pdf> (jersey.police.uk)

11. Monitoring the Action Plan and Key Performance Metrics

The action plan and metrics will be regularly reviewed at PSG to ensure they are progressing to plan.

The strategy is not a static document, but it is planned that it will be formally reviewed at PSG every two years to align with the four-year tenure of the States Assembly, or when there are significant trigger events, or new threats or risks identified. Changes will be widely shared with Industry and agencies using the current communication channels.

Review Every Two Years

The review every two years is a formal opportunity to take stock of the current strategy and risk appetite in the light of the threats highlighted by the risk assessments. Although the action plan will have been regularly monitored and progress reported to PSG, this review cycle provides a formal opportunity to review progress.

Trigger Event, Emerging Threat, or Newly Identified Risk

If a significant event occurs, be that in a specific geography, financial institution, typology of threat, new risk identified or global event, then the strategy and risk appetite can be reviewed on an ad hoc basis. This allows Jersey the opportunity to adapt to the new threat and quickly look to mitigate.

This cycle is similar to the approach recommended in the Handbook to Industry regarding the BRA, and therefore aligning the approaches should help support consistency of review.

12. Appendices

12.1 Appendix 1: Syndication

Agencies

Economy and Financial Services

External Relations

Financial Intelligence Unit

Jersey Customs and Immigration Service

Jersey Financial Crime Unit

Jersey Financial Services Commission

Jersey Gambling Commission

Justice and Home Affairs

Law Officers' Department, including Economic Crimes and Confiscation Unit

Office of the Jersey Charity Commissioner

Revenue Jersey

Industry Bodies

Digital Jersey

Institute of Directors

Jersey Association of Trust Companies

Jersey Bankers Association

Jersey Compliance Officers Association

Jersey Finance Limited

Jersey Fraud Prevention

Jersey Funds Association

Jersey Society of Chartered and Certified Accountants

Jersey Society of Trust and Estate Practitioners

12.2 Appendix 2: Glossary Meanings of Key Agencies, Terms and Acronyms

Key Agency/Term/Acronym	Meaning
AFCA	Germany's Anti Financial Crime Alliance
AG	Attorney General
AML	Anti-Money Laundering
API	Application Programming Interface
APP	Authorised Push Payment
BEPS	Base Erosion and Profit Sharing
BIT	Bilateral Investment Treaties
BRA	Business Risk Assessment
CARIN	Camden Asset Recovery Inter-agency Network
CD	Crown Dependency
CDD	Customer Due Diligence
CDG	Co-Ordination and Delivery Group
CEO	Chief Executive Officer
CFT	Combatting the Financing of Terrorism
COM	Council of Ministers
Commission/JFSC	Jersey Financial Services Commission
Commission Law	Financial Services Commission (Jersey) Law 1998
Consolidated AML/CFT Handbook	Handbook for the prevention and detection of money laundering and the countering of terrorist financing
CONTEST	The UK's strategy for countering terrorism
CPF/PF	Counter Proliferation Finance/Proliferation Finance
CRS	Common Reporting Standards
Customs Law	The Customs and Excise (Jersey) Law 1999
Digital Jersey	Digital Jersey is the Government-backed economic development agency and industry association dedicated to the growth of the digital sector
DNFBP	Designated Non-Financial Businesses and Professions
DTA	Double Taxation Agreement
ECCU	Economic Crime and Confiscation Unit
Egmont	The Egmont Group of financial intelligence units
EoN	Exchange of Notes

ERF	Effectiveness Review Framework
ESG	Environmental, Social and Governance
EU	European Union
FATCA	Foreign Account Tax Compliance
FATF	Financial Action Task Force
FCPCP	Financial Crime Prevention Capability Programme
FI	Financial Institutions
FinCEN	US Department of the Treasury's Financial Crimes Enforcement Network
Fintech	Financial Technology
FIU/JFIU	Financial Intelligence Unit/Jersey FIU
Forfeiture Law	The Forfeiture of Assets (Civil Proceedings) (Jersey) Law 2018
FRACCK	Framework for Return of Assets from Crime and Corruption in Kenya
FSB	Fund Services Business
FSRB	FATF style regional bodies
FT	Financing of Terrorism
FTE	Full Time Equivalent
G20	An intergovernmental forum comprising 19 countries and the European Union
GIFCS	Group of International Financial Centre Supervisors (formerly OGBS)
GoJ/Government	Government of Jersey
HMT	Her Majesty's Treasury
IACCC	International Anti-Corruption Coordination Centre
ICAR	International Centre for Asset Recovery
IFC	International Finance Centre
IGA	Inter-Governmental Agreement
IMF	International Monetary Fund
IOSCO	International Organisation of Securities Commissions
JBA	Jersey Bankers Association
JCC	Office of the Jersey Charity Commission
JFA	Jersey Funds Association
JFCU	Joint Financial Crimes Unit or Jersey Financial Crimes Unit
JFIN	Jersey Financial Information Network

JFL	Jersey Finance Limited
JFPF	Jersey Fraud Prevention Forum
JFSC	Jersey Financial Services Commission
JGC	Jersey Gambling Commission
JMLIT	UK's Joint Money Laundering Intelligence Team
JPF	Jersey Private Fund
KYC	Know Your Customer
LEA	Law Enforcement Agency
LOD	Law Officers' Department
LOR	Letter of Request
MER	Minister for External Relations
ML	Money Laundering
MLA	Mutual Legal Assistance
MLO	Money Laundering Order
MONEYVAL	The European FATF regional body
MOU	Memoranda of Understanding
MVTS	Money or Value Transfer Services
NRA	National Risk Assessment
NPO	Non-Profit Organisation
NPO Law	The Non-Profit Organisations (Jersey) Law 2008
NTFIU	UK National Terrorist Financial Investigation Unit
OECD	Organisation for Economic Cooperation and Development
OT	Overseas Territories
PEP	Politically Exposed Person
PML	Professional Money Laundering
Police	States of Jersey Police Force
PPP	Private Public Partnership
PSG	Political Steering Group
Registrar	JFSC registrar of companies
RegTech	Regulatory Technology
RUSI	Royal Unites Services Institute

saisie judiciaire	A saisie judiciaire is granted by the Bailiff, on behalf of the Royal Court, and is a formal means of 'restraining' assets (realisable property)
Sandbox	A testing environment for new ideas
SAR	Suspicious Activity Report
SBPP	Sound Business Practice Policy
The States/Assembly	Assembly of the States of Jersey
TCB/TCSP/T&CSP	Trust Company Business/Trust and Company Service Providers
TelCo	Telephone Companies
TF	Terrorist Financing
UK	United Kingdom
UKFIU	UK Financial Intelligence Unit
UN	United Nations
UNODC	United Nations Office on Drugs and Crime
UNSC	United Nations Security Council
VA	Virtual Assets
VASP	Virtual Assets Service Providers