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Financial Crime Division

152. Financial Crime Risk – Intermediary Annual Return

Guidance for Completion

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Guernsey Financial
Services Commission

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Glossary of Terms

‘Commission’

The Guernsey Financial Services Commission

‘Firm’

Firm refers to the financial services business completing the *Return*.

‘Handbook’

The Handbook on Countering Financial Crime and Terrorist Financing

‘Helpdesk’

The *Commission’s Online Portal* Helpdesk, which can be contacted via telephone on +44 1481 732706 or e-mail: support@gfsc.gg.

‘Intermediary’

A financial services business, or a firm of lawyers or estate agents operating in Guernsey, which is considered by the *Firm* as being the client to identify and verify when establishing a business relationship, in accordance with section 9.8. of the *Handbook*.

‘Investor’

A shareholder/unit holder/limited partner recorded on the share register of a collective investment scheme.

‘Online Portal’

The *Commission’s Online Submissions Portal*, accessible via: <https://submit.gfsc.gg/>.

‘Reporting Period’

1 April to 31 March each year.

‘Schedule’

Schedule 3 to the Criminal Justice (Proceeds of Crime) (Bailiwick of Guernsey) Law, 1999 as amended.

‘The Return’

The 152. Financial Crime Risk – Intermediary Annual Return, accessible via the *Online Portal*. Each scheme will have a 152 ‘a’ return, which itself is not editable. The *Firm* must submit a 152 ‘b’ return, for one or more schemes.

Introduction

Following the initial data collection in early 2018, the *Commission* is continuing to collect information and statistics on the use made of intermediary arrangements on collective investment schemes. This will assist in determining on an ongoing basis whether the use of *Intermediaries* is exposing the Bailiwick to an increased risk of money laundering or terrorist financing because of the anonymity it offers the underlying investor.

The *Commission* will not be publishing individual *Firm* or collective investment scheme information and statistics. It may however, make available aggregated but anonymised information and statistics to discuss with the sector and other relevant parties

To capture this information the *Commission* is introducing the *Return*, to be completed by all firms responsible for one or more collective investment scheme in line with the Form 141 – Designated Manager Quarterly Return.

The aim of the *Return* is to capture data on the extent to which intermediary relationships are used on collective investment schemes. It asks the same questions to those sought in the exercise in 2018. During the second half of 2019 the Commission commenced discussion with the Guernsey Investment Fund Association regarding the collection of this information on an annual basis commencing with 2019/2020 data being collected in 2020.

The *Return* will become available on the *Firm's Online Portal* timeline from 1 April annually and should be completed by 31 May.

Purpose of the Guidance

This guidance has been issued to assist the *Firm* in the completion and submission of the *Return*. Further guidance on the use of the *Online Portal* and how to begin completion of the *Return* can be found here: <https://submit.gfsc.gg/faq/>

Start Page

Having selected to complete the *Return* from the *Online Portal*, the form will open on the ‘Start’ page. The ‘Start’ page provides details about the background to the *Return*.

This section lists all collective investment schemes (“schemes”) for which the *Firm* is responsible (i.e. for which it submits a Form 141 – Designated Manager Quarterly Return) that has a corresponding 152 ‘a’ return due, for the same period.

ABC Fund Administrator ▼

Please select the Scheme(s) for which you are submitting this return:

☐ Scheme Name	GFSC Ref No
☒ EXAMPLE1 LIMITED	1234567
☒ EXAMPLE2 LIMITED	7654321
☐ EXAMPLE3 LIMITED	9999999

Please select all schemes to be included in the submission. The schemes can be split across multiple 152 ‘b’ submissions if desired. Note: Schemes that were active as at the period end require data to be submitted.

If you cannot select a scheme in the list, it may mean that your user permissions do not allow for preparation or submission of a *Return* for that particular scheme, in which case please contact your *Online Portal* super user. It may also be that a 152a has already been submitted, or does not exist for that scheme. Please check the individual scheme’s timeline.

Once all desired schemes have been selected, ensure the ‘Annual Return for the Period Ended’ displays the correct period end date and click ‘Create’.

Scheme Information Page

This page lists the selected schemes and contains a link to download an Excel spreadsheet containing each scheme’s name and its GFSC reference number. Click on the ‘Download Selected Schemes’ button to generate an Excel file containing the selected scheme details. This information may be copied and then pasted **as values** into the ‘Scheme Details’ tab of the intermediary statistics spreadsheet attached to the *Return*.

Attached to the *Return* is a spreadsheet template with three tabs for completion. The spreadsheet can be downloaded by clicking on the hyperlink under the Intermediary Statistics heading of the ‘Scheme Information’ page and requires completion for all selected schemes. Further guidance on the specific information to be provided is included below.

Once all of the requested information has been provided, the completed spreadsheet should be uploaded back to the *Return* by clicking on the ‘Upload a document’ button within the *Return*.

Intermediary Statistics Spreadsheet

Start

The ‘Start’ tab has three mandatory fields to complete, being the name of the *Firm*, its GFSC reference number, and the reporting period end date. Only the green cells within the spreadsheet require completion.

Scheme Details

The ‘Scheme Details’ tab should be completed on a per-scheme basis and should include details for all schemes and cells which the *Firm* selected previously, **including those which have no *Intermediaries*** acting on behalf of one or more underlying investor as at the period end.

‘Name of collective investment scheme’ & ‘GFSC reference of collective investment scheme’

The *Firm* should paste (as values) the name and GFSC reference number of each scheme from the scheme details spreadsheet downloaded from the *Return*. Alternatively, the scheme name and GFSC reference number could be entered manually (though this is not recommended, as data errors will cause the file upload to fail).

‘Name of cell’

Where a scheme is a PCC or ICC, the name of the scheme should be entered on each row for each corresponding cell being entered. Below is an example reflecting how a fund with three cells should be recorded:

Name of Collective Investment Scheme	GFSC Reference of Collective Investment Scheme	Name of Cell (For PCCs/ICCs, please provide statistics on a per-cell basis. For other schemes, or where there are no cells, please leave this column blank)
Example Fund PCC Limited	123456	Cell 1
Example Fund PCC Limited	123456	Cell 2
Example Fund PCC Limited	123456	Cell 3

‘Scheme Type (Open-Ended/ Closed-Ended/ Non-Guernsey Scheme)’

Please indicate, from the drop-down list provided, whether the scheme is an open-ended, closed-ended or non-Guernsey scheme.

‘Frequency of dealing’

Please indicate, from the drop-down list provided, the dealing frequency for the scheme/cell.

‘Total number of *Investors*’

Please provide the total number of *Investors* (i.e. shareholders/unit holders/limited partners recorded on the scheme’s register) as at the end of the *Reporting Period* i.e. as at 31 March.

The figure provided in this field should match that given in response to the same question in the relevant scheme’s Form 141 as at the same period end.

‘Number of *Investors* covered under an intermediary arrangement’

Please indicate how many *Investors* recorded on the scheme’s/cell’s register fall within the intermediary provisions of section 9.8 of the *Handbook* as at the *Reporting Period* end. As an example, where one *Intermediary* has control of ten designated accounts, each recorded as an *Investor* on a scheme’s register, the figure provided should be 10.

‘Number of *Intermediaries* acting for one or more *Investor*’

Further to the previous question, of the total number of *Investors* recorded on the share register falling within the intermediary provisions of section 9.8 of the *Handbook* as at the *Reporting Period* end, please provide the total number of *Intermediaries* controlling those shareholdings. Using the previous example, where one *Intermediary* has control of ten designated accounts on a scheme’s register, the figure provided should be 1.

Where ‘0’ was entered for the previous question (i.e. there are no *Investors* covered under an intermediary arrangement), this cell will turn black and should be left blank.

‘Number of *Intermediaries* holding alone >25% of the scheme/cell’

With regard to the number of *Intermediaries* provided in response to the previous question, please confirm how many of those *Intermediaries*, through the aggregated total of accounts controlled by them, alone control greater than 25% of the specific scheme or cell as at the *Reporting Period* end.

Continuing with the previous example, if one *Intermediary* has control of ten designated accounts each holding 4% of the scheme, the aggregated holding of the *Intermediary* would be 40%, therefore the *Firm* would enter 1 as its answer to this question. Where two *Intermediaries* each hold more than 25% of the specific scheme or cell, the *Firm* would enter 2, and so forth.

As with the previous question, where there are no *Investors* covered under an intermediary arrangement this cell will turn black and should be left blank.

‘Percentage of scheme/cell held through intermediary arrangements’

Please provide the total aggregated percentage of the scheme/cell held by all *Intermediaries* on behalf of third parties as at the *Reporting Period* end. Following on from the example above, where, in addition to the *Intermediary* controlling 40% of the scheme, there is one other *Intermediary* with an aggregated holding of 20% of the scheme, the *Firm* should give an answer of 60% to this question.

As with the previous question, where there are no *Investors* covered under an intermediary arrangement this cell will turn black and should be left blank.

‘Percentage holding of largest *Intermediary*’

Please provide the percentage holding of the single *Intermediary* with the largest aggregated holding in the scheme/cell as at the *Reporting Period* end.

As with the previous question, where there are no *Investors* covered under an intermediary arrangement this cell will turn black and should be left blank.

‘Number of disclosures made by the *Firm* connected with *Intermediary* relationships within this scheme’

Please provide the number of disclosures made by the *Firm* (made under the Disclosure (Bailiwick of Guernsey) Law, 2007 as amended and the Terrorism and Crime (Bailiwick of Guernsey) Law, 2002 as amended) during the *Reporting Period*, which were connected with *Intermediary* relationships within the specific scheme.

‘Number of requests for information from FIS or other Bailiwick Law Enforcement Agencies connected with *Intermediary* relationships’

Please provide the number of the following during the *Reporting Period* which were connected with *Intermediary* relationships within the specific scheme:

- Section 2A Requests (made under Sections 2A of the Disclosure (Bailiwick of Guernsey) Regulations, 2007 as amended and the Terrorism and Crime (Bailiwick of Guernsey) Regulations, 2007)
- Mutual Legal Assistance requests
- Production Orders

‘Number of *Intermediary* relationships exited during the reporting period, based on either concerns relating to compliance with the requirements of the *Handbook* or wider financial crime concerns’

Please provide the number of instances during the *Reporting Period* where, as a result of concerns relating to compliance with the requirements of the *Handbook*, or wider financial crime concerns, the *Firm* has sought to exit a business relationship with an *Intermediary* within the specific scheme. Exited means the *Firm* closed its relationship with the *Intermediary* and any underlying customers.

‘Number of *Intermediary* relationships cancelled during the reporting period, based on either concerns relating to compliance with the requirements of the *Handbook* or wider financial crime concerns’

Please provide the number of instances during the *Reporting Period* where, as a result of concerns relating to compliance with the requirements of the *Handbook*, or wider financial crime concerns, the *Firm* has sought to cancel a business relationship with an *Intermediary* within the specific scheme.

Cancelled means the *Firm* gathered CDD on any underlying investors and closed its relationship with the *Intermediary*, instead continuing relationships directly with the underlying Investors.

‘Number of *Intermediary* relationships declined during the reporting period, based on either concerns relating to compliance with the requirements of the *Handbook* or wider financial crime concerns’

Please provide the number of instances during the *Reporting Period* where, as a result of concerns relating to compliance with the requirements of the *Handbook*, or wider financial crime concerns, the *Firm* has declined a business relationship with an *Intermediary* for the specific scheme.

Declined means the *Firm* refused to establish a relationship with an *Intermediary*.

‘Number of disclosures made as a result of *Intermediary* relationships that have been exited, cancelled or declined’

Please provide the number of disclosures made to the FIS during the *Reporting Period* as a result of an *Intermediary* relationship being exited, cancelled or declined for the specific scheme.

‘Comments regarding instances where the firm has sought information from an *Intermediary* about the identity of its customers’

Please provide details of any instances during the *Reporting Period* where the *Firm* has had reason to seek information from an *Intermediary* about the identity of one or more of its underlying customers ultimately invested in a collective investment scheme.

Where such an event has occurred, please provide the following information:

- What was the location of the *Intermediary*?
- What was the reason prompting the request?
- Was the information requested provided by the *Intermediary*?
- If the request was refused, what was the *Intermediary*'s reason for refusal?

Location

On this tab, please provide the total number of *Intermediaries* based in each of the jurisdictions provided as at the *Reporting Period* end. The total across all jurisdictions should match the field ‘Number of Intermediaries Acting for One or More Underlying Investor’.

Please provide any additional/relevant details in the ‘Comments’ field

Completion

Once all of the requested information has been provided, the completed spreadsheet should be saved and uploaded back to the *Return* by clicking on the ‘Upload a document’ button within the *Return*. Please do not encrypt (password protect) the version of the spreadsheet that is uploaded. The portal uses a secure HTTPS connection to encrypt all communications.

Declaration

Once the *Firm* is satisfied that the *Return* has been fully completed, the user should select the ‘I agree to the above’ field and click ‘Submit’.

If the form has been successfully submitted the user will be taken to a new page confirming the date and time of submission.