

**Financial Crime Division**

# **Financial Crime Risk Return**

**A Guide for Firms**



**Guernsey Financial  
Services Commission**

## Contents

Using this Guide .....	1
Introduction .....	2
Purpose.....	2
Notes for Completion.....	3
The FCR Return – Start Page .....	4
The FCR Return – Reporting Suspicion .....	5
Reporting Suspicion .....	5
Number of Disclosures by Nature of Disclosure.....	6
MLRO and Nominated Officer Contact Details.....	7
The FCR Return – Governance and Controls .....	8
Policies.....	8
Outsourcing.....	10
The FCR Return - Relationships.....	13
Business Relationships.....	14
Occasional Transactions.....	15
High Risk by Sector .....	16
Other .....	17
The Use of Technology with CDD Processes .....	19
The FCR Return – Geographical .....	21
Geographic Breakdown.....	21
The FCR Return - Declaration.....	23

## Glossary of Terms

### ‘Account’

The term means a bank account and any other *business relationship* or *occasional transaction* between a *firm* and a *customer* which is of a similar nature.

For the purposes of completing the *FCR Return*, ‘account’ should also be interpreted as including sector specific terms such as appointment, mandate, policy or matter.

### ‘Board’

The term refers to the Board of Directors of the *firm* where it is a body corporate, or the local senior management where it is not structured as such, for example a partnership or a branch of a foreign business.

### ‘Business Relationship’

A business, professional or commercial relationship between a *customer* and a *firm* which has, or is expected to have, an element of duration. The term contrasts with an *occasional transaction*, as defined below.

### ‘Commission’

The Guernsey Financial Services Commission

### ‘Customer’

Customer refers to a person or legal arrangement with whom the business has established a *business relationship*, or on behalf of whom the business has carried out an *occasional transaction*.

For the purposes of completing the *FCR Return*, the term customer should be read as client where necessary.

### ‘FCR Return’

The Financial Crime Risk Return

### ‘Firm’

Firm refers to the financial services business (including a personal fiduciary licensee) or prescribed business completing the *FCR Return*.

### ‘Handbook’

The Handbook on Countering Financial Crime and Terrorist Financing

### ‘Helpdesk’

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

### ‘Intermediary’

A financial services business, or a firm of lawyers or estate agents operating in Guernsey, which is considered by the financial services business as being the client to identify and verify when establishing a *business relationship* or undertaking an *occasional transaction*, in accordance with chapter 9 of the *Handbook*.

**‘Introducer’**

A financial services business, lawyer or accountant which has established, on behalf of another person or legal arrangement who is its client, a *business relationship* with the financial services business or prescribed business for that client and upon whom the financial services business or prescribed business has placed reliance for the purposes of verifying the identity of the client, in accordance with chapter 10 of the *Handbook*.

**‘Money Laundering Reporting Officer’ (“MLRO”)**

The natural person employed by a *firm* to receive internal suspicious activity reports and to make decisions as to the action required in response to any such reports.

**‘Money Laundering Compliance Officer’ (“MLCO”)**

The named individual responsible for ensuring that a *firm* complies with its regulatory requirements and internal policies.

**‘Nominated Officer’**

A natural person nominated by a *firm* in accordance with Paragraph 12(1)(b) or 12(1)(c) of Schedule 3 to receive disclosures under Part I of the Disclosure Law and Section 15 of the Terrorism Law in the absence of the MLRO and otherwise carry out the functions of the MLRO in that officer’s absence..

**‘Occasional Transaction’**

Any transaction involving more than £10,000, carried out by the specified business in question in the course of that business, where no business relationship has been proposed or established and includes such transactions carried out in a single operation or two or more operations that appear to be linked..

For the purposes of the *FCR Return*, payment service providers should include the number of transfers falling under the requirements of section 2 of the Transfer of Funds (Guernsey) Ordinance, 2007 within the overall figure provided.

**‘Online Portal’**

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

**‘Outsourcing’**

The completion or undertaking of one or more of the AML/CFT controls or functions of a *firm* by a third party under an outsourcing agreement, either in Guernsey or overseas, or within its group or externally.

**‘Politically Exposed Person’ (“PEP”)**

The term follows the definition given under Section 5(4) of *Schedule 3*.

**‘Reporting Period’**

1 July to 30 June of the year of the current *FCR Return*.

**‘Schedule 3’**

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

## Using this Guide

Guidance has been developed on a sector specific basis. Where relevant the guidance has been colour-coded by sector to highlight how the *FCR Return* should be completed by *firms* in that sector. That coding takes the following format:

### All Financial Services and Prescribed Businesses

Text within a grey box applies to all financial services and prescribed businesses, regardless of the licence or registration held.

### Banking Licensees

Text within a blue box relates to all businesses licensed under the Banking Supervision (Bailiwick of Guernsey) Law, 1994 as amended.

### Fiduciary Licensees

Text within a red box relates to all businesses and individuals licensed under the Regulation of Fiduciaries, Administration Businesses and Company Directors, etc. (Bailiwick of Guernsey) Law, 2000 as amended.

### Investment Licensees

Text within a green box relates to all businesses licensed under the Protection of Investors (Bailiwick of Guernsey) Law, 1987 as amended.

### Insurance Licensees

Text within a purple box relates to all businesses licensed under the Insurance Business (Bailiwick of Guernsey) Law, 2002 as amended or the Insurance Managers and Insurance Intermediaries (Bailiwick of Guernsey) Law, 2002 as amended.

### Non-Regulated Financial Services Businesses

Text within a yellow box relates to businesses registered under the Registration of Non-Regulated Financial Services Businesses (Bailiwick of Guernsey) Law, 2008 as amended.

### Prescribed Businesses

Text within an orange box relates to businesses which are relevant businesses for the purposes of the Criminal Justice (Proceeds of Crime) (Bailiwick of Guernsey) Law, 1999, but does not include businesses of a type described in Paragraphs 2 or 4 of Schedule 2 to the Law.

## Introduction

The *FCR Return* is used by the *Commission* to gather important information and statistical data to assist the *Commission* in identifying and assessing financial crime risks within the Bailiwick of Guernsey's finance industry in accordance with fulfilling its supervisory objectives.

### Purpose

This guidance has been issued to assist all firms in the completion and submission of the *FCR Return*.

The information and data collected from the *FCR Return* is used for supervisory purposes to assist the *Commission* in forming a view of the financial crime risks within individual firms; within a sector; and within the industry as a whole.

Subject to the exceptions set out below, all licensed and registered *firms*, including administered or managed licensed or registered *firms*, are required to submit one *FCR Return* covering the entirety of those business activities which are subject to the requirements of *Schedule 3* and the *Handbook* (with the exception of SAR information as detailed on page 7).

Managed insurance licensees conducting life business should complete their own *FCR Return* through the *Online Portal*.

Protected Cell Companies holding insurance licences and conducting both life and non-life business should complete one consolidated *FCR Return* covering the PCC and all cells used for life business.

All licensees must submit a completed *FCR Return*, including administered licensees. Designated managers/administrators should complete one *FCR Return* covering their own business activities and relationships, together with separate *FCR Returns* for each administered licensee.

All firms and individuals must submit their completed *FCR Return* by 31 October annually.

## Notes for Completion

This guidance follows the page order of the *FCR Return*. All data provided should be given as at the end of the *Reporting Period*, or where required (for example with regard to *occasional transactions*), an accumulation of occurrences between 1 July in the previous year to 30 June in the relevant year.

In respect of an administered *firm* where the administration of that *firm* has transferred during the *Reporting Period* to another licensed entity, the new administrator should complete and submit the *FCR Return* on behalf of the administered *firm* using the data which is available to it. The previous administrator should include any instances of occurrences during the *Reporting Period* for which it was administrator, for example related to internal suspicion reports or disclosures, within its own *FCR Return*.

Further guidance on the use of the *Online Portal* and how to begin completion of the *FCR Return* can be found here:

<http://www.gfsc.gg/Online-Services/Pages/Online-Submissions-Portal.aspx>

The following businesses will not be required to complete the *FCR Return* and the form will not be made available to them through the *Online Portal*:

- Holders of joint fiduciary licences issued under the Regulation of Fiduciaries, Administration Businesses and Company Directors, etc. (Bailiwick of Guernsey) Law, 2000 as amended. Licensed fiduciaries are expected to aggregate data which might apply to a joint fiduciary licensee within the *FCR Return* for their lead fiduciary licensee;
- Open-ended and closed-ended collective investment schemes authorised or registered with the *Commission*;
- Non-Guernsey collective investment schemes;
- Holders of non-life licences issued under the Insurance Business (Bailiwick of Guernsey) Law, 2002 as amended; and.
- *Firms* carrying on business as an insurance intermediary under the Insurance Managers and Insurance Intermediaries (Bailiwick of Guernsey) Law 2002, solely in respect of anything other than long term business.

## The FCR Return – Start Page

Start
Reporting Suspicion
Governance & Controls
Relationships
Geographical
Declaration

*\* = mandatory field*

### Introduction

The Commission has introduced the Financial Crime Risk Return (“the FCR Return”) as a means of gathering important information and statistical data which will be used for supervisory purposes to assist the Commission in forming a view of the financial crime risks within individual firms; within a sector; and within the industry as a whole.

For further information on completing the FCR Return, please refer to the guidance document which can be found [here](#)

The Reporting Period for the FCR Return covers 1 July in the previous year through to 30 June in the reporting year. All data provided should be given as at the end of the Reporting Period, or where required (for example with regard to occasional transactions), an accumulation of occurrences within the Reporting Period.

All licensed and registered firms and individuals, including administered and managed entities, are required to submit one FCR Return covering the entirety of those business activities which are subject to the requirements of the Regulations and Handbooks.

Please complete all sections of this return fully. For questions which do not apply, or where the firm has no business in that area, please enter ‘0’.

If you encounter any difficulty in completing this return, or have any questions about the information to be provided, please contact the Commission’s Helpdesk, either by e-mail to: [support@gfsc.gg](mailto:support@gfsc.gg) or via telephone on 01481 712706.

Company Name \*

Data collection for period ending \*

Having selected to complete the *FCR Return* from the *Online Portal*, the form will open on the Start page.

The Start page includes two fields, together with background information on the purpose of the *FCR Return* and the contact details of the *Commission’s Online Portal Helpdesk* should assistance be required.

### ‘Company Name’

Having previously selected the relevant *firm* for which the user intends to complete the *FCR Return*, the ‘Entity’ field will automatically be populated with the name of the selected *firm*.

The ‘Company Name’ field is read-only; therefore if the name reflected is not that of the *firm* completing the *FCR Return*, or if the *firm’s* name is not displayed correctly, do not progress further and contact the *Commission’s Online Portal Helpdesk*.

### ‘Data Collection Date for Current Return’

The field is read-only and reflects the *Reporting Period* for the current *FCR Return*.

The field is automatically populated and should reflect the 30 June in the same year as completion. Should this not be the case, do not progress further with the *FCR Return* and contact a member of the *Commission’s Online Portal Helpdesk*.



## The FCR Return – Reporting Suspicion

This section captures data on the number of internal and external suspicious activity reports which were made within the *Reporting Period* and information on the nature of the suspicion or the factor/s which gave rise to the filing of a disclosure with the FIS.

Some *firms*, including prescribed businesses, may have business lines which are not subject to the requirements of the *Schedule 3* or the *Handbook*, such as a licensed insurer with life and non-life insurance business. In these circumstances, as there still remains a general obligation to report suspicious activity, those *firms* are asked to also include data regarding any disclosures made in respect of business activities which fall outside *Schedule 3* and the *Handbook*.

Should this apply to your *firm* and you wish to clarify the split between those reports arising from business activities falling under *Schedule 3* and the *Handbook* and reports from activity which does not, please use the 'Further Detail' box to provide this clarification.

Data on internal and external reports made in connection with the business of a *firm* administered by another licensed entity (for example a managed bank, an administered principal manager of a collective investment scheme, a managed licensed fiduciary, an administered insurance licensee or an administered NRFSB) must be disclosed on the *FCR Return* of the administered firm and not on the *FCR Return* of the administering licensee.

Where the administrator of a licensed or registered *firm* changes during the *Reporting Period*, the previous administrator should include any reports and disclosures within its own figures for the period in which it acted as the administrator. The new administrator, when completing the *FCR Return* for the administered *firm*, should include any reports and disclosures made during the period for which it has acted as administrator in that form.

Where a suspicion report or disclosure relates to the business of the administered licensee specifically or any of the parties connected with it, or where the nature of the disclosure is such that it should remain confidential from the *Board* of the administered licensee, this should be included within the statistics for the administering *firm*.

### Reporting Suspicion

Reports
Number of internal suspicion reports made to the MLRO or Nominated Officer *
<input type="text"/>
Number of disclosures made to the FIS by the MLRO or Nominated Officer *
<input type="text"/>

'Number of internal suspicious activity reports made to the MLRO or Nominated Officer'

Please provide the total number of internal suspicion reports made to the *MLRO* or *Nominated Officer* during the *Reporting Period*.

A suspicion report is considered to be any report made to the *MLRO* in accordance with the *firm's* policies, procedures and controls.

Discussions with the *MLRO* or *Nominated Officer*, either in person or electronically, are not required to be recorded unless they result in a suspicion report being made to the *MLRO* or *Nominated Officer* in the prescribed manner.

Where the *MLRO* or *Nominated Officer* has received multiple reports related to the same *account/mandate* or *customer*, these should be treated as one case; however, where multiple reports are received related to the same *account/mandate* or *customer* but for different matters, these should be counted separately.

**‘Number of disclosures made to the FIS by the MLRO or Nominated Officer’**

Please provide the total number of disclosures made by the *MLRO* or *Nominated Officer* to the FIS during the *Reporting Period*.

The figure provided should reflect the total number of discrete disclosures made to the FIS. It is not necessary to include within this figure reports which have been made to follow-up or provide further detail in respect of a previous disclosure.

**Number of Disclosures by Nature of Disclosure**

**Number of disclosures by nature of the disclosure**

Tax Evasion \*

Bribery and Corruption \*

Fraud \*

Adverse Due Diligence \*

Terrorist Financing \*

Unusual Activity \*

Other \*

Please give details for "Other" \*

Further Detail (optional)

Number of disclosures resulting from declined business opportunities \*

For each disclosure given in response to the previous question, please indicate those categories relevant to the content of the disclosure.

*Firms* are requested to indicate the number of disclosures related to one or more of the following matters: tax evasion; bribery and corruption; fraud; adverse due diligence; terrorist financing; and unusual activity.

Should more than one category apply to a disclosure please mark all relevant categories. For example where, as a result of adverse due diligence identified via an internet search, a suspicion has arisen within the *firm* that a *customer* has engaged in tax evasion, the user would add one to each of ‘Tax Evasion’ and ‘Adverse Due Diligence’.

Where a disclosure does not relate to any of the categories provided, there is also a section headed ‘Other’ which should be completed, together with a high-level description of this issue in the adjacent field marked ‘Please give details for “Other”’. For the avoidance of doubt, the ‘Other’ details box will only appear if a figure is provided in response to ‘Other’.

#### ‘Number of disclosures resulting from declined business opportunities’

Please provide the total number of disclosures made by the *MLRO* or *Nominated Officer* to the FIS during the *Reporting Period* which resulted from a declined business proposal, including both proposed *business relationships* and/or proposed *occasional transactions*.

#### ‘Further Detail (optional)’

A further detail box has been included to allow *firms* to provide a brief explanation in relation to any particular information included within the reporting section.

*Firms* completing the *FCR Return* must not provide any confidential or sensitive information, or information which identifies any underlying parties, within the narrative box. The *Commission* is solely interested in the high level statistics relating to the reporting of suspicious activity or transaction including attempted transactions.

### MLRO and Nominated Officer Contact Details

MLRO and Nominated Officer Contact Details	
Please provide up-to-date contact details for your MLRO and Nominated Officer	
Money Laundering Reporting Officer	Nominated Officer
Title *	Title *
<input type="text"/>	<input type="text"/>
First Name *	First Name *
<input type="text"/>	<input type="text"/>
Middle Name	Middle Name
<input type="text"/>	<input type="text"/>
Surname *	Surname *
<input type="text"/>	<input type="text"/>
Date of Birth *	Date of Birth *
<input type="text"/>	<input type="text"/>
Email *	Email *
<input type="text"/>	<input type="text"/>
Telephone *	Telephone *
<input type="text"/>	<input type="text"/>

Please provide the names, date of birth and current e-mail and telephone contact details for the *Money Laundering Reporting Officer* and *Nominated Officer*.

The names and contact details provided should be correct as at the date that the return is submitted, rather than as at the end of the *Reporting Period*. The collation of this information will help to ensure that the *Commission* continually holds, as far as possible, up to date contact details for *MLROs* and *Nominated Officers* for sending circulars and notices.

Where the *firm* has appointed one or more *Nominated Officers* to receive suspicious activity reports in the *MLRO's* absence, the name of one such individual should be provided within the ‘*Nominated Officer*’ section above.

Personal fiduciary licence holders are not required to complete this section.

## The FCR Return – Governance and Controls


### Policies

**Policies**

Has the Business Risk Assessment been reviewed by the Board? \*

Yes  No


Please provide the date of the last review \*



Have the AML/CFT policies, procedures and controls been reviewed by the Board? \*

Yes  No

Please provide the date of the last review \*



Further Detail (optional)

#### ‘Has the Business Risk Assessment been reviewed by the Board?’

Please indicate, using either the ‘Yes’ or ‘No’ field, whether the *Board* or equivalent body (for example the local senior management where the *firm* is not a company, or a committee of the *Board* or equivalent where appropriate authority has been delegated to it) has reviewed the *firm*’s Business Risk Assessment (“BRA”).

Personal fiduciary licensees should indicate whether they have a BRA covering the fiduciary activities undertaken. Please indicate in the next question the date on which this BRA was drafted.

#### ‘Please provide the date of the last review’

Using the ‘DD/MM/YYYY’ format, please provide the date that the *Board*, or equivalent or delegated body, most recently reviewed the BRA.

For the avoidance of doubt, the *Reporting Period* provision does not apply to this question. The date provided should be the date that the document was most recently reviewed whenever that took place.

Where the document is currently under review or being updated, the date provided should reflect the date that the current version was reviewed by the *Board*.

If the *Board* (or equivalent or delegated body) of the *firm* has not reviewed the BRA and this has been confirmed in the answer to the previous question, this field will not appear.

An optional ‘Further Detail’ box has been provided should a *firm* wish to provide any explanation regarding its review of its BRA.

**‘Have the AML/CFT policies, procedures and controls been reviewed by the Board?’**

Please indicate, using either the ‘Yes’ or ‘No’ field, whether the *Board*, or equivalent body, has reviewed the AML/CFT policies, procedures and controls of the *firm*.

Personal fiduciary licensees who can only undertake limited fiduciary activities under this licence should indicate whether they have considered the appropriateness of the measures they take to ensure compliance with the *Schedule 3* and the *Handbook*. Please indicate when such consideration was made in the next question.

Where the *firm*’s policies, procedures and controls are split across a number of different documents with differing approval dates, the *FCR Return* should be completed with the date of the most recent review and an explanation provided in the ‘Further Detail’ box.

**‘Please provide the date of the last review’**

Using the ‘DD/MM/YYYY’ format, please provide the date that the *Board*, or equivalent body, most recently approved the policies, procedures and controls of the *firm*.

For the avoidance of doubt, the *Reporting Period* provision does not apply to this question. The date provided should be the date that the policies, procedures and controls were most recently reviewed, whenever that took place.

Where the policies, procedures and controls are currently under review or being updated, the date provided should reflect the date that the current version was reviewed by the *Board*.

Where the *Board*, or equivalent body, of the *firm* has not reviewed the policies, procedures and controls and this has been confirmed in the answer to the previous question, this field will not appear within the *FCR Return*.

**‘Further Detail (optional)’**

A further detail box has been included to allow *firms* to provide an explanation or further detail in relation to any particular answer or information given in relation to the *firm*’s BRA or policies, procedures and controls.

## Outsourcing

**Outsourcing**

Are any of your measures or controls for compliance with AML/CFT legislation outsourced to a third party? \*

Yes  No

Please indicate below where you outsource the following measures or controls and whether this outsourcing is to a third party or intra-group  
Where you outsource other measures or controls not listed below, please provide a very short heading in the 'Other' box.

MLRO and/or Nominated Officer \*

Compliance Officer \*

Customer Due Diligence and/or Risk Assessment \*

Payments (Screening) \*

Other (Please provide details)

Further Detail (optional)

Each of the drop-down boxes provided will include a selection of the following options:

- 'Intra-Group' – To be selected where the named function is undertaken, in whole or in part, by another entity within the same group as the *firm*. One such example is where an *MLRO* is employed by one entity in a group but provides services to a number of others.
- 'External Party' - To be selected where the named function is undertaken, in whole or in part, by a third party, external to the *firm* or its group.
- 'Under Administration Agreement' – To be selected where the named function is undertaken on behalf of a managed or administered entity by its administrator through a contract for services.
- 'Not Outsourced' - To be selected where the *firm* undertakes the named function internally and does not outsource any aspect of its control.
- 'Not Relevant' – To be selected where the *firm* does not undertake the named function.

**'Are any of your measures or controls for compliance with AML/CFT legislation outsourced to a third party?'**

Please indicate, using the 'Yes' or 'No' fields, whether the *firm* outsources any part of its measures or controls for compliance with the requirements of *Schedule 3* or the rules in the *Handbook* to a third party.

*Firms* administered by another licensee in the Bailiwick should answer 'Yes' to this question and select either 'Under Administration Agreement' or 'Not Relevant' as applicable for each of the following functions.

Personal fiduciary licence holders who utilise the policies, procedures and controls of licensed or registered businesses, where they are relevant, should answer 'Yes' to this question and follow the specific guidance given under the categories below. Additionally please include details of whose controls you utilise in the 'Further Detail' box.

‘Please indicate below if you outsource the following measures or controls and whether this outsourcing is to a third party or intra-group’

If the *firm* outsources any aspect of the policies, procedures or controls which form part of its compliance arrangements to meet the requirements of *Schedule 3*, the *Handbook*, or any of the associated legislation, please indicate this by selecting the relevant option from the drop-down menus provided.

Where the *firm* has answered ‘Intra-Group’ or ‘External’ party for any of the below functions, please provide further details in respect of the outsourced party within the ‘Further Detail’ box.

If the *firm* does not outsource the named function, please select ‘Not Outsourced’ from the drop-down menu, or ‘Not Relevant’ where that function does not apply to the business of the *firm* and is therefore not undertaken either by the *firm* or outsourced to another.

The categories within the *FCR Return* should be read as referring to the following:

#### ‘MLRO and/or Nominated Officer’

Where the *MLRO* and/or *Nominated Officer* is employed by the *firm* via a contract for service (or similar) with a third party, please indicate by selecting either:

- ‘External’, for example where the individual is employed by a compliance consultancy firm whom the *firm* has engaged; or
- ‘Internal’, covering the intra-group provision, for example where an individual from another entity within the *firm*’s group acts or where there is a central *MLRO/Nominated Officer* function shared by the group’s licensed or registered *firms*.

If a personal fiduciary licence holder would request an *MLRO* or *Nominated Officer* of a licensed or registered *firm* to submit a report to the FIS on their behalf they should select ‘External’ and disclose which *firm*’s *MLRO* or *Nominated Officer* would be used in the ‘Further Detail’ section below.

Alternatively if the personal fiduciary licence holder would report directly to the FIS themselves they should select ‘Not Outsourced’.

#### ‘Compliance Officer’

Where the *Money Laundering Compliance Officer* is employed by the *firm* via a contract for service (or similar) with a third party, please indicate by selecting either:

- ‘External Party’, for example where the individual is employed by a compliance consultancy firm whom the *firm* has engaged; or
- ‘Intra-Group’, for example where an individual from another entity within the *firm*’s group acts or where there is a central compliance function shared by the group’s licensed or registered *firms*.

For *firms* (including personal fiduciary licence holders) where no individual has formally been appointed as the *Money Laundering Compliance Officer* because there is no regulatory requirement to have one, please select ‘Not Relevant’.

### ‘Customer Due Diligence and/or Risk Assessment’

Where the *firm* has outsourced any aspect of its customer due diligence or customer risk assessment processes, as detailed below, to a third party, please indicate by selecting this field, together with whether it is ‘Internal’ or ‘External’ on the same basis as above.

A personal fiduciary licence holder who relies on a licensed or registered firm to have undertaken due diligence should indicate that this is an outsourced activity to an External party and provide information on whom in the ‘Further Details’ section.

‘Customer Due Diligence and/or Risk Assessment’ includes the *outsourcing* of any of the following processes:

- The undertaking of independent screening searches of customers through the use of internet-based tools, such as World Check, C6, Lexis Nexis or similar;
- The risk assessment of customers, either as part of the initial take-on of a customer, or as part of the *firm*’s regular cycle of customer risk reviews; or
- The gathering of due diligence documentation as part of the identification and/or verification process for customers.

### ‘Payments (Screening)’

This function applies solely to payment services providers which conduct wire transfers as defined within chapter 14 of the *Handbook*. All other *firms* should select ‘Not Relevant’ from the drop-down menu.

Where the *firm* undertakes the functions of a payment service provider and outsources, in whole or in part, the controls required to comply with the requirements of the Transfer of Funds (Guernsey) Ordinance, 2007 and the rules within the *Handbook*, please indicate this by selecting either ‘Intra-Group’ or ‘External’ as applicable.

‘Payments (Screening)’ includes the *outsourcing* of any of the following processes:

- The monitoring of transfers to detect non-compliant or incomplete payments; or
- The screening of payments to ensure that the payer and/or payee are not subject to sanction or any other prohibitive processing factor.

### ‘Other’

Where the *firm* outsources any other functions required in compliance with *Schedule 3* and/or the *Handbook* to a third party, please provide a short heading for the function(s) outsourced and select the appropriate option from the drop-down menu.

Where there are no other functions outsourced, please leave the ‘Other’ field blank.

### ‘Further Detail (Optional)’

A ‘Further Detail’ box has been included to allow a *firm* to provide an explanation or further detail in relation to any of its *outsourcing* arrangements where it considers such additional information would be of benefit to the *Commission* in understanding the *firm*’s arrangements.



## The FCR Return - Relationships

This section concerns information about your *business relationships* and/or *occasional transactions*.

There may be some *firms* which offer a range of products and services, some of which are transacted on a *business relationship* basis and others on an *occasional transactions* basis. In this regard, the *FCR Return* allows for *firms* to answer ‘Yes’ to both questions and to provide details in both sections.

Please indicate whether the figures you will be providing in response to the questions below are by mandate/account or by customer \*

Account/Mandate  Customer

Data is being collected on either an *account/mandate* basis or a *customer* basis depending upon which sector or sub-sector the firm operates in. For the purposes of the *FCR Return* this means that an individual investing into three collective investment schemes or who has three bank accounts with a financial services business could be treated as one ‘*customer*’ or three ‘*accounts/mandates*’, depending on the definition applied.

Please ensure that the basis upon which information on *business relationships* and/or *occasional transactions* is provided is consistently applied on an *account/mandate* basis or *customer* basis.

For the following sectors the *FCR Return* will require data to be provided in the following manner:

For non-retail banks the number of *business relationships* must be provided on a *customer* basis only. Conversely, for retail banks the number of *business relationships* must be provided on an *account/mandate* basis only.

For Fiduciary licensees, the number of *business relationships* must be provided by *account/mandate* (appointment). This will ensure consistency with the data collated via the Fiduciary Annual Return.

For asset managers and stockbrokers the number of *business relationships* must be provided by *account/mandate*. This will ensure consistency with the data collected via the quarterly statistical return.

For designated managers and fund administrators of collective investment schemes the number of *business relationships* must be provided on an *account/mandate* basis. The figure provided should consist of the funds and connected/governing parties (e.g. general partners or trustees) and include all *business relationships*, not just those connected with Guernsey-based funds or Non-Guernsey Schemes. Investor figures should be included within the total provided where the designated manager has been nominated as the party responsible for applying CDD measures to investors in accordance with Section 4.8.1. of the Handbook.

For principal managers (including licensed general partners) of collective investment schemes the number of *business relationships* must be provided on an *account/mandate* basis. The figure provided should consist of the total number of investors only where the principal manager/general partner has been nominated as the party responsible for applying CDD measures to investors in accordance with Section 4.8.1. of the Handbook.

For all *firms* licensed under the Insurance Business (Bailiwick of Guernsey) Law, 2002 as amended or the Insurance Managers and Insurance Intermediaries (Bailiwick of Guernsey) Law 2002, data should be provided based on the number of *customers*, rather than the number of policies written or similar.

## Business Relationships

### Business Relationships

Do you establish business relationships? \*

Yes  No

Please provide the total number of business relationships \*

Please provide the total number of High risk business relationships \*

Please provide the total number of PEP business relationships \*

### ‘Do you establish business relationships?’

Using either the ‘Yes’ or ‘No’ field, please indicate whether the *firm* enters into *business relationships* with its *customers* when offering some or all of its products or services.

A large proportion of financial services business will be undertaken under a *business relationship*, as there will be an element of duration to the dealings. Examples include:

- A bank account;
- A life insurance policy;
- An investment in a collective investment scheme;
- The administration of a company; or
- The trusteeship of a discretionary trust.

### ‘Please provide the total number of business relationships’

Where a *firm* has confirmed that it enters into *business relationships*, please provide the total number of active *business relationships* as at the last day of the *Reporting Period*.

### ‘Please provide the total number of high risk business relationships’

Of the total number of *business relationships*, please provide the number of those which have been assessed by the *firm* as posing a higher risk.

### ‘Please provide the total number of PEP business relationships’

Of the total number of *business relationships*, please provide the number of those which have been identified as including, or having a connection with, a *politically exposed person*.

## Occasional Transactions

### Occasional Transactions

Do you carry out occasional transactions? \*

Yes  No

Please provide the total number of occasional transactions \*

Please provide the total number of High risk occasional transactions \*

Please provide the total number of PEP occasional transactions \*

‘Do you carry out occasional transactions?’

Using either the ‘Yes’ or ‘No’ field, please indicate whether the *firm* treats any or all of its *customers* or *accounts/mandates* as *occasional transactions*.

For many *firms* their business will be conducted on a *business relationships* basis because there is an element of continuity; however there will be activities which are characterised as *occasional transactions*, where the connection between the *firm* and its *customer* extends only to the provision of a specific service with no ongoing interaction. Examples include:

- Foreign exchange services offered to the public;
- The formation of a company to which the licensed fiduciary will provide no further corporate services;
- The sale of a property; or
- A one-off sale or purchase of shares.

‘Please provide the total number of occasional transactions’

Where a *firm* has indicated that it treats some or all of its *customers/accounts* as *occasional transactions*, please provide the total number of such transactions undertaken during the *Reporting Period*.

‘Please provide the total number of high risk occasional transactions’

Of the total number of *occasional transactions*, please provide the number of those transactions which have been assessed by the *firm* as posing a higher risk.

‘Please provide the total number of PEP occasional transactions’

Of the total number of *occasional transactions*, please provide the number of those transactions which have been identified as including, or having a connection with, a *politically exposed person*.

## High Risk by Sector

**High Risk by Sector**

Please provide the total number of high risk business relationships and occasional transactions broken down by the category of licence or registration associated with the connected activity

Banking \*

Fiduciary \*

Life Insurance \*

Intermediary - Insurance \*

Investment \*

Prescribed Business \*

Further Detail (optional)

The above image is provided as an example. The sectors relevant to the completing *firm* will be visible within this section.

‘Please provide the total number of high risk business relationships and occasional transactions broken down by the category of licence or registration associated with the connected activity’

Please provide a breakdown of the combined total of high risk *business relationships* and/or *occasional transactions* by licence or registration type and provide the proportions within the relevant boxes provided.

Based on the *firm* completing the return, the *Online Portal* will display each sector in respect of which a licence or registration is held.

‘Further Detail (optional)’

A ‘Further Detail’ box has been included to allow *firms* to provide an explanation or further detail in relation to any of the answers provided in response to the *business relationship* and *occasional transaction* sections of the *FCR Return*.

## Other

<p><b>Other</b></p> <p>How many business relationships and/or occasional transactions have been referred to the States of Guernsey Policy Council as a result of a connection with a sanctioned individual or entity? *</p> <input type="text"/> <p>How many business relationships do you have where you treat an intermediary as a customer? *</p> <input type="text"/> <p>How many business relationships do you have where reliance is placed on an introducer for CDD purposes? *</p> <input type="text"/> <p>How many business relationships and/or occasional transactions have you exited during the period because they were outside your risk appetite? *</p> <input type="text"/> <p>How many business relationships and/or occasional transactions have you declined during the period because they were outside your risk appetite? *</p> <input type="text"/>
---

‘How many business relationships and/or occasional transactions have been referred to the States of Guernsey Policy Council as a result of a connection with a sanctioned individual and entity?’

Please provide the number of *accounts/mandates* or *customers* (in the same manner as used previously) for which the *firm* has made a disclosure during the *Reporting Period* to the States of Guernsey Policy Council in accordance with the requirements of the Terrorist Asset-Freezing (Bailiwick of Guernsey) Law, 2011 or the various ordinances issued by the Policy Council from time to time.

The figure provided should include the total number of *accounts/mandates* or *customers* for which a disclosure was made during the *Reporting Period*, together with the total number of *accounts/mandates* or *customers* currently subject to a freezing order or licence.

‘How many business relationships do you have where you treat an intermediary as the customer?’

Please provide the number of *accounts/mandates* or *customers* (in the same manner as used previously) for which the *firm* has utilised the provisions of section 9.8 of the *Handbook*.

This question does not apply to Prescribed Businesses; therefore please enter ‘0’ within the answer field.

The figure provided should include all instances where a *business relationship* has been established with an *intermediary*, rather than the number of *intermediaries* with which the *firm* has a relationship.

With regard to the statistics for investors in collective investment schemes, the figure provided should include the total number of investors where a relationship has been established with an *intermediary*, rather than the underlying *customer/investor*.

‘How many business relationships do you have where reliance is placed on an introducer for CDD purposes?’

Please provide the number of *accounts/mandates* or *customers* (in the same manner as used previously) where the *firm* places reliance upon an *introducer* for CDD purposes in accordance with the provisions of chapter 10 of the *Handbook*.

The figure provided should include all instances where a *business relationship* has been established under an *introducer* arrangement, rather than the number of *introducers*.

With regard to the statistics for investors in collective investment schemes, the figure provided should include the total number of investors for which reliance for CDD purposes has been placed upon a third party *introducer*.

‘How many business relationships have you exited during the period because they were outside your risk appetite?’

Please provide the number of existing *business relationships* which have been exited during the *Reporting Period* as a result of the relationship falling outside of the acceptable level of risk to the business

Below are examples of reasons for exiting a relationship which should be included within the figure provided. This list is not exhaustive.

- A failure or reluctance on the part of the existing client to provide adequate due diligence documentation;
- An increase in the risk of the relationship above tolerated thresholds, for example through a new connection with a high risk jurisdiction, the involvement of a newly identified *politically/commercially exposed person*, or the involvement of a previously unidentified third party;
- Adverse media or other information which is deemed to have the potential to pose a risk to the business but which is not considered to be suspicious; and
- Conduct on the part of the client deemed to be suspicious and where the FIS has consented for the account to be closed.

The term ‘exited’ includes both the closing of *accounts/mandates* associated with a *business relationship* and the transferring of a *business relationship* to another service provider, either within the Bailiwick or beyond.

‘How many proposed business relationships and/or occasional transactions have you declined during the period because they were outside your risk appetite?’

Please provide the number of proposed *business relationships* and/or *occasional transactions* which have been declined during the *Reporting Period* because they do not align with the risk appetite of the *firm*.

Examples of reasons why a *business relationship* or *occasional transaction* has been declined during the period could include:

- The *firm* does not specialise in, or have a risk appetite for taking on customers from, a particular market;
- The *firm* does not provide certain services required by the proposed customer, for example registered office only services; or
- The *firm* does not consider it has the resources available to appropriately administer the relationship based on the assessed risk of the customer.

For the avoidance of doubt, please do not include within this figure instances where the establishment of a potential *business relationship* or the undertaking of an *occasional transaction* has not occurred on the basis of the *customer* not wishing to proceed.

## The Use of Technology with CDD Processes

This section of the *FCR Return* seeks to gather information on the level of use of technological solutions for undertaking various aspects of a *firm's* customer due diligence processes, or parts thereof, as required by *Schedule 3* and rules in the *Handbook*.

For the purpose of this section of the *FCR Return*, the *Commission* is not looking to gather data on the use of sanctions/adverse media database tools such as World-Check, C6 etc. as the use of such systems is widespread amongst industry.

### The Use of Technology with CDD Processes

We would like to understand whether you are using any electronic products or services within your firm's due diligence processes. Please indicate whether you are making use of any electronic products or services in the following areas

- Digitally signing documents
- Digitally certifying scanned versions of physical documentation
- Identifying one or more pieces of personal identification about a client/customer
- Verifying one or more aspect of a client/customer's identity in conjunction with traditional verification methods
- Verifying the identity of a client/customer
- Undertaking risk assessment of client/customer

Further Detail (optional)

Please indicate, using the adjacent boxes, whether the *firm* utilise technological products or services in its policies, procedures and controls related to the following areas. Please tick all of the boxes that apply.

#### 'Digitally signing documentation'

In lieu of, or in parallel with, sending physical hard-copy correspondence, the *firm* utilises digital signatures to sign and send electronic correspondence which has been cryptographically verified as being the true version issued by the *firm*.

#### 'Digitally certifying scanned versions of physical documentation'

The acceptance of customer due diligence documentation which has been electronically certified (in accordance with the certification requirements of the *Handbook*) incorporating the use of digital signatures to validate the authenticity of the certification.

#### 'Identifying one or more pieces of personal identification about a client/customer'

The use of technology, either a product or service designed by the *firm* or through the use of a more widely available system(s), for the gathering of one or more of the data points required in the identification of a *customer*.

#### 'Verifying one or more aspects of a client/customer's identity in conjunction with traditional verification methods'

The use of a product or service providing for the verification of one or more aspects of a person's identity or address which are then independently corroborated by the *firm* through the use of traditional verification methods. Such an example could include the acceptance of an electronically issued utility bill which is independently corroborated via an online address verification tool.

#### ‘Verifying the identity of a client/customer’

The use of products, either first-party (in-house) or through an agreement with a third party service provider, whereby the *customer* completes the take-on and verification processes using a software product such as a mobile application, including the taking of photographs to evidence the identity and address of the individual.

The software may include additional layers of verification, such as the payment of a nominal sum using a credit or debit card in the name of the *customer*.

#### ‘Undertaking the risk assessment of a client/customer’

The use of software, either first-party (in-house) or through an agreement with a third party service provider, whereby the risk assessment of a *customer* is automatically generated based upon the input of *customer* identification information.

The tool may include automated searches of open-source or database intelligence tools to locate additional factors for the overall risk assessment.

#### ‘Further Detail (optional)’

A further detail box has been included to allow businesses to provide an explanation or further detail in relation to any of the answers provided.



## The FCR Return – Geographical

This section of the *FCR Return* seeks information about the geographical connections of the *firm's customer*-base. For the avoidance of doubt, the two statistics requested are separate and distinct from each other. No connection to both jurisdictions is required.

The collation of statistical data will allow the *Commission* to understand the number of Bailiwick resident *customers*, as well as Guernsey's exposure to certain jurisdictions and how this varies between sectors.

Should you wish to provide any further information about either of the answers given in this section, a 'Further Detail' box has been provided. Please do not include any sensitive information or information which identifies any underlying parties within this box.

### Geographic Breakdown

Geographic Breakdown
Countries listed in sections A, B & C of the Business from Sensitive Sources Notice *
<input type="text"/>
Bailiwick of Guernsey *
<input type="text"/>
Further Detail (optional)
<input type="text"/>

'Countries listed in sections A, B & C of the Business from Sensitive Sources Notice'

Please provide the number of *accounts/mandates* or *customers* (following the same format which was used on the 'Relationships' page) **connected with** any of the jurisdictions listed in sections A, B and C of the relevant Business from Sensitive Sources Notice ("BfSSN").

For *business relationships* the figure provided should reflect all active *accounts/mandates* or *customers* connected to those countries listed in the BfSSN in force as at the end of the *Reporting Period*. For *occasional transactions* the figures should be provided as a cumulative of those *accounts/mandates* or *customers* with a connection to a country listed in the BfSSN in force at the time of the transaction.

The term 'connected with' should be interpreted in the same manner in which the *firm* currently treats the Business from Sensitive Sources Notices for the purposes of assessing whether any of the *firm's business relationships* or *occasional transactions* fall within the requirements of the notices.

Examples of 'connected with' could include (but are not limited to):

- The ultimate beneficial owner (or part thereof) resides within a given country;
- The ultimate beneficial owner (or part thereof) is a national of a given country;
- The funds settled into the financial product emanate from a given country;
- The wealth of the *customer* or settlor emanates from a given country;
- The *customer's* structure includes a company formed in a given country; or
- The *customer's* structure includes an investment in a given country.

Copies of BfSSNs can be found on the *Commission's* website here: <http://www.gfsc.gg/FCA/Pages/Business-from-Sensitive-Sources-Notices.aspx>.

**‘Bailiwick of Guernsey’**

Please provide the number of *accounts/mandates* or *customers* (following the same format which was used on the ‘Relationships’ page) whose ultimate beneficial owners are persons resident in the Bailiwick of Guernsey.

**‘Further Detail (optional)’**

A further detail box has been included to allow businesses to provide an explanation or further detail in relation to the answers provided in respect of the geographic breakdown of the *firm*’s customer base. This field can be used, for example, where details of the specific countries connected with the Business from Sensitive Sources Notices are to be included.

## The FCR Return - Declaration

### Declaration

This form is now ready for submission.

By selecting 'I agree' and clicking 'Submit' below, you are confirming that the information supplied is complete and correct to the best of your knowledge and belief at the time of submission.

I agree \*

**Submit**

The *Commission* requires a senior representative of the *firm* (a representative of the *Board* or equivalent, or *MLRO*) to approve the content of the completed *FCR Return*.

Once the *firm* is satisfied that the *FCR Return* has been fully completed, the user should select the 'I agree' field and click 'Submit'.

If the form has been successfully submitted the user will be taken to a new page. This page will thank the user for submitting the *FCR Return* and confirm in a grey bar at the top of the page the day, date and time that the form was submitted.

Open, pending or completed forms can be tracked within the *firm*'s 'Homepage' screen. Guidance on this can be found within the *Online Portal*.