



INSTRUCTION (NUMBER 6) FOR FINANCIAL SERVICES BUSINESSES

11 November 2009

EXISTING CUSTOMERS

This Instruction is made under section 49(7) of the Criminal Justice (Proceeds of Crime) (Bailiwick of Guernsey) Law, 1999.

This Instruction is being issued as a result of a review by the Commission of compliance issues as a whole arising from international AML/CFT assessments and is particularly supported by the comments of the IMF in its recent AML/CFT assessment of Jersey. The IMF commented that tighter implementation was needed regarding the timing of completion of customer due diligence measures for existing customers.

The Statement on Anti-Money Laundering Standards for Existing Customers issued by the Commission in June 2004, required financial services businesses to undertake a retrospective know your customer programme to make sure they had customer due diligence information appropriate to the level of risk. Regulation 4 of the Criminal Justice (Proceeds of Crime) (Financial Services Business) (Bailiwick of Guernsey) Regulations, 2007 (“the Regulations”) and the rules in chapter 8 of the Handbook for Financial Services Businesses on Countering Financial Crime and Terrorist Financing (“the Handbook”) provide that where a financial services business has not introduced or completed a retrospective know your customer programme, appropriate and effective CDD procedures on existing customers must be undertaken on the basis of materiality and risk at appropriate times.

Action to be taken by Financial Services Businesses

As a matter of urgency, the Board of each financial services business must:

- a. review the policies, procedures and controls in place in respect of existing customers to ensure that the requirements of regulations 4 and 8 and each of the rules in chapter 8 are met; and
- b. by the close of business on 31 March 2010 have taken any necessary action to remedy any identified deficiencies and satisfy itself that CDD information appropriate to the assessed risk is held in respect of each business relationship.

The action taken by each financial services business under this Instruction will be reviewed during on-site inspections and by other means as necessary.