

Consultation on proposed amendments to the Handbook on Countering Financial Crime to cover counter proliferation financing.

12 January 2024

Introduction

The Office of the Policy and Resources Committee (“P & R”) issued for consultation via THEMIS on 29 December 2023 proposed amendments to Schedule 3 of the Criminal Justice (Proceeds of Crime) (Bailiwick of Guernsey) Law 1999, as amended, which will extend the application of anti-money laundering and counter terrorist financing measures to countering the financing of proliferation of weapons of mass destruction (“WMD”). The proposed changes to Schedule 3 include clarifying the Commission’s powers to oversee compliance by specified businesses with counter proliferation and proliferation financing sanctions and all other international sanctions regimes implemented in the Bailiwick.

This consultation paper seeks comments on the proposed amendments to rules and guidance in the Handbook to support the extension of the existing obligations upon specified businesses to countering proliferation financing. The Commission is also taking the opportunity to update the Handbook to take account of the recent publication of the second national risk assessment on the money laundering (“ML”), terrorist financing (“TF”) and proliferation financing (“PF”) risks to the Bailiwick, changes to the rules on pooled bank accounts for local businesses and changes to chapter 12 of the Handbook on UN, UK and Bailiwick sanctions, as well as other minor changes.

Although the proposed legislative amendments to Schedule 3 are small, the extension of existing AML/CFT obligations to counter proliferation financing means that changes are required to almost the entire Handbook, a significant majority of which would be regarded as minor technical amendments reflecting that references to AML/CFT are now AML/CFT/CPF. We have included a separate summary of the changes to each chapter to assist specified businesses’ consideration of the changes we are proposing.

The consultation period is necessarily short, closing on Friday 2 February 2024, given the need to make the changes prior to the MONEYVAL evaluation. The Commission will be issuing feedback on its consultation. Responses to this consultation should be provided via the Consultation Hub by the close of business on Friday 2 February 2024.

Summary of proposed changes

Proliferation financing

As reflected in P & R’s consultation on Schedule 3, specified business have long been subject to counter proliferation financing (“CPF”) measures under the Bailiwick’s sanctions framework and have generally been carrying out the same measures in respect of CPF as they have for AML/CFT.

The amendments to Schedule 3 should not herald significant changes for specified businesses as the measures they have in place already for combatting ML and TF largely apply, except for now undertaking a distinct PF business risk assessment.

Such an assessment should not be as broad as a ML or TF assessment, as PF only applies in relation to activities which breach international sanctions implemented in the Bailiwick which relate to the proliferation of WMD and their financing.

The amendments to the rules and guidance in the Handbook relating to PF, including setting a date for specified businesses to have undertaken a PF business risk assessment before 31 December 2024.

UN, UK and Bailiwick sanctions

A number of amendments are proposed to Chapter 12 to reflect the changes to the Bailiwick's sanctions framework post-Brexit and which draw upon recently issued sanctions guidance from the Office of P & R, as well as our experience from supervising the implementation of sanctions against Russian interests since 2022.

National Risk Assessment ("NRA")

References in the Handbook to the NRA are being updated to reflect the December 2023 publication of the Bailiwick's second NRA and first PF NRA. This includes references to the updated risk profile from the second NRA to reflect the low risk of Guernsey's registered charities and Non-Profit Organisation sector.

Pooled Bank Accounts

There are also proposed changes to the rules and guidance on pooled bank accounts. The suggested changes are intended to facilitate the provision of banking services to local, non-financial services businesses which generally present lower ML and TF risks as reflected in the NRA.

Please use the links below to review the proposed changes:

['Clean' copy of the draft amended Handbook](#)

['Tracked changes' copy of the draft amended Handbook](#)

The [summary of changes](#) helps signpost the key changes to look at