

## Key:

The below table is applicable to Sections 1-16 of this Handbook:

Section	Colour	Obligation explained
Section heading	Blue	Relates to all Supervised Persons (except Prescribed NPOs)
Sub heading	Grey	Relates to all Supervised Persons (except Prescribed NPOs)
Statutory requirements	Light blue	Mandatory for all Supervised Persons (except Prescribed NPOs)
AML/CFT/CPF Codes of Practice	Magenta	Mandatory for all Supervised Persons (except Prescribed NPOs)
Guidance notes	Green	Guidance for all Supervised Persons (except Prescribed NPOs)

The sector-specific sections of this Handbook (11-16) are labelled with their relevant sector.

The below table is applicable to Section 17 of this Handbook concerning Prescribed NPOs only:

Section	Colour	Obligation explained
Section heading	Blue	Relates to Prescribed NPOs only
Sub heading	Grey	Relates to Prescribed NPOs only
Statutory requirements	Light blue	Mandatory for Prescribed NPOs only
Codes of Practice	Magenta	Mandatory for Prescribed NPOs only
Guidance notes	Green	Guidance for Prescribed NPOs only

## GLOSSARY

Term	Definition
accountancy services	Has the meaning given in Section 16.1.1 of the AML/CFT Handbook/CPF.
Anti-Money Laundering and Counter-Terrorism Legislation	Has the meaning given in Article 3(1) of the Proceeds of Crime (Supervisory Bodies) (Jersey) Law 2008 [the <i>Supervisory Bodies Law</i> ].
AML/CFT/CPF	Anti-money laundering/countering the financing of terrorism/countering proliferation financing.
AML/CFT/CPF programme	A programme against money laundering, terrorist financing, and proliferation financing which includes policies and procedures by which every member of the group who carries on a financial services business (or equivalent) shares information that is appropriate for the purpose of preventing and detecting money laundering, terrorist financing, and proliferation financing.
AML/CFT/CPF Codes of Practice	Codes of Practice for supervised persons, issued under Article 22 of the Proceeds of Crime (Supervisory Bodies) (Jersey) Law 2008 [the <i>Supervisory Bodies Law</i> ]. This includes Codes in Sections 1 to 10 that relate to all <i>supervised persons</i> and Codes that relate to particular activities in the sector-specific Sections 11-16.
AML/CFT/CPF Handbook	Handbook for the prevention and detection of money laundering, the countering of terrorist financing, and the countering of proliferation financing. May also be referred to as “the Handbook” or “this Handbook”.
associate NPO	Has the meaning given in Article 6(2) of the Non-Profit Organisations (Prescribed NPOs – Additional Obligations) (Jersey) Order 2022 [the Prescribed NPO Order]. May also be referred to as “partners” by the NPO sector.
audit services	Has the meaning given in paragraph 2(3) of Part B of Schedule 2 to the Proceeds of Crime (Jersey) Law 1999 [the <i>Proceeds of Crime Law</i> ].
Basel Committee	Basel Committee on Banking Supervision.
BB(J) Law	<a href="#">Banking Business (Jersey) Law 1991</a> .
Beneficial owners and/or controllers	Has the meaning set out in Article 2 of the Money Laundering (Jersey) Order 2008 [the <i>Money Laundering Order</i> ].
BRA	Business Risk Assessment.
business relationship	Has the meaning set out in Article 1 of the Money Laundering (Jersey) Order 2008 [the <i>Money Laundering Order</i> ]. Certain professions may refer to a business relationship as a “matter”.
CDD	Customer due diligence.
CFT	Countering the financing of terrorism.
CIF(J) Law	<a href="#">Collective Investment Funds (Jersey) Law 1988</a> .



Term	Definition
Collective investment scheme	Means any of the funds specified in Article 13(10) of the Money Laundering (Jersey) Order 2008 [ <i>the Money Laundering Order</i> ].
Commission Law	<a href="#">Financial Services Commission (Jersey) Law 1998.</a>
Companies Law	<a href="#">Companies (Jersey) Law 1991.</a>
Compliance Officer	Has the meaning given in Article 1 of the Proceeds of Crime (Supervisory Bodies) (Jersey) Law 2008 [ <i>the Supervisory Bodies Law</i> ].
CPF	Countering proliferation financing
CRA	Customer risk assessment.
Customer	A person with whom a <i>business relationship</i> has been formed or <i>one-off transaction</i> carried out. References to <i>customer</i> also include, where appropriate, a prospective <i>customer</i> (an applicant for business) with whom a <i>business relationship</i> is to be established or <i>one-off transaction</i> carried out.  A <i>customer</i> may be an individual (or group of individuals) or a legal person.  May also be referred to by Industry as a 'client'.
Deposit-taking business	Has the meaning given in Article 3 of the Banking Business (Jersey) Law 1991 [ <i>the BB(J) Law</i> ].
Deputy MLRO	A person designated by the <i>supervised person</i> to whom suspicious activity reports may be made.
Designated Police or Customs Officer	Police and customs officers that hold posts within the Joint Financial Crimes Unit [ <i>JFCU</i> ], as per notices issued under Article 6(1) and Article 6(2) of the Money Laundering (Jersey) Order 2008 [ <i>the Money Laundering Order</i> ].
designated person	Has the meaning given in Article 9 of the Sanctions and Asset-Freezing (Jersey) Law 2019 [ <i>the Sanctions and Asset-Freezing Law</i> ].
Designated relationship	A relationship established by a <i>customer</i> on behalf of one third party, including a relationship involving sub-accounts for each third party.
Directions Law	<a href="#">Money Laundering and Weapons Development (Directions) (Jersey) Law 2012.</a>
Diversion	Transactions by a non-profit organisation's [ <i>NPO</i> ] NPO Representatives or external parties such as associate NPOs that divert NPO Funds away from the <i>NPO</i> 's legitimately intended purposes to a terrorist, terrorist cell or terrorist organisation for them to benefit from, directly or indirectly.
DNFBPs	Designated Non-Financial Businesses and Professions, as defined in the FATF glossary.
DPRK	Democratic People's Republic of Korea
EEA	European Economic Area.
E-ID	Electronic Identification.



Term	Definition
Employee	Includes officers of a <i>supervised person</i> and is not limited to individuals working under a contract of employment. Includes temporary and contract employees, and the employee of any external party fulfilling a function in relation to a <i>supervised person</i> under an outsourcing agreement.  Please note that a variation of this definition applies to Section 17 (Prescribed NPOs), using the term “relevant employees”.
Enhanced customer due diligence (measures) or enhanced CDD measures	Has the meaning given in Article 1 of the Money Laundering (Jersey) Order 2008 [ <i>the Money Laundering Order</i> ].
enhanced risk state	Has the meaning given in Article 15(1)(c) of the Money Laundering (Jersey) Order 2008 [ <i>the Money Laundering Order</i> ]. Refer to <a href="#">Appendix D1</a> of the <i>AML/CFT/CPF Handbook</i> for the current list of <i>enhanced risk states</i> .
equivalent business	Has the meaning given in Article 5 of the Money Laundering (Jersey) Order 2008 [ <i>the Money Laundering Order</i> ].
estate agency services	Has the meaning given in Paragraph 3 of Part B of Schedule 2 to the Proceeds of Crime (Jersey) Law 1999 [ <i>the Proceeds of Crime Law</i> ].
EU	The European Union.
EU Regulation	<a href="#">Regulation (EU) 2015/847 of 20 May 2015 on information accompanying transfers of funds.</a>
external accountancy services	Has the meaning given in paragraph 2(2) of Part B of Schedule 2 to the Proceeds of Crime (Jersey) Law 1999 [ <i>the Proceeds of Crime Law</i> ].
Facilitator	An <i>active</i> supporter of a terrorist, terrorist cell or terrorist organisation, e.g. a terrorist financier, a regulated and registered professional or a recruiter.
FATF	The Financial Action Task Force.
FATF Recommendations	The <i>FATF</i> Recommendations adopted on 16th February 2012 and as amended to the date of issue of this Handbook.
financial group	A collection of persons who are members of the same group, each person fulfilling the conditions set out in Article 1(5) of the Money Laundering (Jersey) Order 2008 [ <i>the Money Laundering Order</i> ].
Financial Institutions	As defined in the <i>FATF</i> glossary.
financial services business	Has the meaning in Article 36 of the Proceeds of Crime (Jersey) Law 1999 [ <i>the Proceeds of Crime Law</i> ].
financing of proliferation	For the purposes of this Handbook, this term means: Conduct which creates the risk of non-implementation, breaching, circumvention, or evasion of the <a href="#">Targeted financial sanctions related to proliferation of weapons of mass destruction and its financing</a> , effective in Jersey



Term	Definition
	Persons involved in the financing of proliferation are sometimes described as <i>proliferators</i> or <i>proliferation financiers</i> .
financing of terrorism	<p>For the purposes of this Handbook, means:</p> <ul style="list-style-type: none"> <li>› Conduct which is an offence under any provision of Articles 15, 16 and 16A of the Terrorism (Jersey) Law 2002 [the <i>Terrorism Law</i>]</li> <li>› Conduct outside Jersey which, if occurring in Jersey, would be an offence under Articles 15, 16 and 16A of the Terrorism Law</li> <li>› Conduct which is an offence under any provision of Article 21 of the Terrorism Law, and</li> <li>› Conduct which is an offence under any provision of Parts 3, 4 and 6 of the Sanctions and Asset-Freezing (Jersey) Law 2019 [the <i>Sanctions and Asset-Freezing Law</i>].</li> </ul> <p>May also be referred to as <i>terrorist financing</i>. Persons involved in the <i>financing of terrorism</i> are sometimes described as <i>terrorist financiers</i>.</p>
Foundations Law	<a href="#">Foundations (Jersey) Law 2009.</a>
FSIU	Financial Sanctions Implementation Unit, part of Jersey's Ministry of External Relations.
FS(J) Law	<a href="#">Financial Services (Jersey) Law 1998.</a>
FSRB	FATF Style Regional Body.
Guidance notes	Present ways of complying with the <i>statutory requirements</i> and <i>AML/CFT/CPF Codes of Practice</i> and must always be read in conjunction with these.
Hawala	Hawala refers to a traditional system of transferring money without money movement. It is done with the help of a brokering third party and it is predominantly used in the Middle East, Africa and South Asia. These payment systems may also be referred to as Hundi or Havala.
higher risk country or territory	A country or territory which a <i>supervised person</i> has concluded presents a higher risk of <i>money laundering</i> , the <i>financing of terrorism</i> , and the <i>financing of proliferation</i> , using reliable and independent third party sources.
IAIS	International Association of Insurance Supervisors.
IB(J) Law	<a href="#">Insurance Business (Jersey) Law 1996.</a>
ICC	Incorporated cell company.
identification measures	Those measures described in Article 3(2) of the Money Laundering (Jersey) Order 2008 [the <i>Money Laundering Order</i> ].
IMF	International Monetary Fund.
insolvency practitioners	Those in the business of undertaking <i>insolvency services</i> .



Term	Definition
insolvency services	Has the meaning given in paragraph 2(4) of Part B of Schedule 2 to the Proceeds of Crime (Jersey) Law 1999 [the <i>Proceeds of Crime Law</i> ].
IOSCO	International Organization of Securities Commissions.
JFCU	The Joint Financial Crimes Unit, an arm of the States of Jersey Police. The <i>JFCU</i> is the body designated as the financial intelligence unit under Regulation 2 of the <a href="#">Proceeds of Crime (Financial Intelligence) (Jersey) Regulations 2015</a> . Officers of the <i>JFCU</i> are the designated police and customs officers for the purposes of the Money Laundering (Jersey) Order 2008 [the <i>Money Laundering Order</i> ].
JFSC	Jersey Financial Services Commission (abbreviated in relevant Jersey legislation as “the Commission”).
Lawyers	Persons carrying on the business described at Paragraph 1 of Part B of Schedule 2 to the Proceeds of Crime (Jersey) Law 1999 [the <i>Proceeds of Crime Law</i> ].
Licence	A generic term to cover: <ul style="list-style-type: none"> <li>› A registration granted under the Banking Business (Jersey) Law 1991 [the <i>BB(J) Law</i>]</li> <li>› A permit granted pursuant to the Collective Investment Funds (Jersey) Law 1988 [the <i>CIF(J) Law</i>]</li> <li>› A certificate issued pursuant to the Collective Investment Funds (Jersey) Law 1988 [the <i>CIF(J) Law</i>]</li> <li>› A registration granted under the Financial Services (Jersey) Law 1998 [the <i>FS(J) Law</i>]</li> <li>› A permit granted pursuant to the Insurance Business (Jersey) Law 1996 [the <i>IB(J) Law</i>].</li> </ul>
limited liability company	Has the meaning given in Article 1(1) of the Money Laundering (Jersey) Order 2008 [the <i>Money Laundering Order</i> ].
LPP	Legal professional privilege. This term covers both advice privilege and litigation privilege (see Section 15.7.1).
(the) Minister	Unless otherwise specified, means the Minister for External Relations and Financial Services.
MLCO	Money Laundering Compliance Officer, as described in Article 7 of the Money Laundering (Jersey) Order 2008 [the <i>Money Laundering Order</i> ].
MLRO	Money Laundering Reporting Officer, as described in Article 8 of the Money Laundering (Jersey) Order 2008 [the <i>Money Laundering Order</i> ]. Also refer to <i>Deputy MLRO</i> above.



Term	Definition
money laundering	<p>For the purposes of this Handbook, means:</p> <ul style="list-style-type: none"> <li>› Conduct which is an offence under any provision of Articles 30 and 31 of the Proceeds of Crime (Jersey) Law 1999 [the Proceeds of Crime Law]</li> <li>› Conduct which is an offence under any provision of Articles 34A and 34D of the Proceeds of Crime Law, and</li> <li>› Conduct which falls within the definition of financing of terrorism set out in this Handbook.</li> </ul> <p>Persons involved in <i>money laundering</i> are sometimes described as <i>money launderers</i>.</p>
Money Laundering Order	<a href="#">Money Laundering (Jersey) Order 2008.</a>
NPO	Non-profit organisations – defined under Article 1 of the Non-Profit Organizations (Jersey) Law 2008 [the <i>NPO Law</i> ]. The definitions extend to both <i>Regulated NPOs</i> and <i>Registered NPOs</i> . The sector, including all NPOs may also be referred to as the non-profit sector.
NPO Beneficiaries	Natural persons or groups of natural persons who receive humanitarian, charitable or other types of assistance through the services of a non-profit organisation [ <i>NPO</i> ].
NPO Funds	This term includes both money and NPO Resources that may be of value to terrorists, terrorist cells or terrorist organisations. Value does not need to include physical assets, it can for example be provision of training.
NPO Law	<a href="#">Non-Profit Organizations (Jersey) Law 2008.</a>
NPO Owners and/or Controllers	For the purposes of this Handbook, means the individuals listed at Articles 4(1)(a) and 4(1)(b) of the Prescribed Non-profit Organisations (Jersey) Order 2022 [the Prescribed NPO Order].
NPO Representative	Referring to a Board member (or its equivalent), an employee, volunteer or another individual acting in an official capacity representing the non-profit organisation [ <i>NPO</i> ], irrespective of whether that person is paid for their services or not.
NPO Resources	Includes financial and non-financial non-profit organisation [ <i>NPO</i> ] assets (e.g. donations, gifts/benefits-in-kind, property of every kind, documentation and personnel).
obliged person	Has the meaning given in Article 1 the Money Laundering (Jersey) Order 2008 [the <i>Money Laundering Order</i> ].
one-off transaction	Has the meaning given in in Article 4 of the Money Laundering (Jersey) Order 2008 [the <i>Money Laundering Order</i> ].
PCC	A protected cell company.
PEP	Politically Exposed Person – an individual who is any of the following (within the meaning of Article 15A of the Money Laundering (Jersey) Order 2008 [the <i>Money Laundering Order</i> ]): (a) A domestic politically exposed person;



Term	Definition
	(b) A foreign politically exposed person; or (c) A prominent person.
policies and procedures	The way in which a business' systems and controls are implemented into the day-to-day operation of the business.
pooled relationship	A relationship established by a <i>customer</i> on behalf of more than one third party.
Prescribed NPO	Has the meaning given in Article 1 of the Non-Profit Organisations (Prescribed NPOs – Additional Obligations) (Jersey) Order 2022 [the <i>Prescribed NPO Order</i> ]. The sub-set of <i>NPOs</i> which present a higher risk of being abused for terrorist financing purposes.
Prescribed NPO Order	Non-Profit Organisations (Prescribed NPOs – Additional Obligations) (Jersey) Order 2022.
Proscribed terrorist organisation	Individuals or organisations that are placed on national and international lists of actors known to be engaged in terrorist activities Jersey's proscribed terrorist organisation list may be accessed via the JFSC's <a href="#">Sanctions designations lists webpage</a> . Part 2 of the Terrorism Law sets out that the UK's proscribed list automatically forms part of the Jersey proscribed list, hence both lists must be considered.
Proceeds of Crime Law	<a href="#">Proceeds of Crime (Jersey) Law 1999</a> .
proliferation financing	Refer to the definition of <i>financing of proliferation</i> .
PTC	Private Trust Company - has the meaning set out in Paragraphs 4 and 4A of the Schedule to the <a href="#">Financial Services (Trust Company Business (Exemptions)) Jersey Order 2000</a> .
regulated business	Has the meaning provided given in Article 1 of the Proceeds of Crime (Supervisory Bodies) (Jersey) Law 2008 [the <i>Supervisory Bodies Law</i> ].
regulated market	Has the meaning given in Article 2(5) of the Money Laundering (Jersey) Order 2008 [the <i>Money Laundering Order</i> ]. To access the list of <i>EU</i> -regulated markets, follow <a href="#">this link</a> and select 'Regulated Market' from the 'Entity Type' drop-down list.
regulated person	Has the meaning given in Article 1 of the Proceeds of Crime (Supervisory Bodies) (Jersey) Law 2008 [the <i>Supervisory Bodies Law</i> ].
Regulatory Laws	A collective name of the following four laws: <ul style="list-style-type: none"> <li>› The Banking Business (Jersey) Law 1991 [the <i>BB(J) Law</i>]</li> <li>› The Collective Investment Funds (Jersey) Law 1988 [the <i>CIF(J) Law</i>]</li> <li>› The Financial Services (Jersey) Law 1998 [the <i>FS(J) Law</i>]</li> <li>› The Insurance Business (Jersey) Law 1996 [the <i>IB(J) Law</i>].</li> </ul>



Term	Definition
reliance identification measures	Has the meaning given in Article 16(1) of the Money Laundering (Jersey) Order 2008 [the <i>Money Laundering Order</i> ].
relevant connection	Has the meaning given in Article 15(2)(b) of the Money Laundering (Jersey) Order 2008 [the <i>Money Laundering Order</i> ].
relevant employee	An employee whose duties relate to the provision of a <i>financial services business</i> .
relevant financial institution	Has the meaning given in Article 1 of the Sanctions and Asset-Freezing (Jersey) Law 2019 [the <i>Sanctions and Asset-Freezing Law</i> ].
relevant person	<p>Means, for the purposes of this Handbook, a person carrying on a <i>financial services business</i> (as described in Schedule 2 of the Proceeds of Crime (Jersey) Law 1999 [the <i>Proceeds of Crime Law</i>]), and which is carrying on that business in or from within Jersey, or, if a Jersey legal person, carrying on that business in any part of the world.</p> <p>This definition <b>does not</b> capture a person carrying on the business of acting, other than by way of business, as the trustee of an express trust.</p> <p>Where specific articles of the Money Laundering (Jersey) Order 2008 [the <i>Money Laundering Order</i>] proscribe that the term <i>relevant person</i> includes a person who <b>was formerly</b> a <i>relevant person</i>, any references to <i>relevant person</i> in this Handbook that relate to or are derived from those particular articles should also have the same meaning.</p>
sanctioned country or territory	Means, at any time, a country or territory which is itself, or whose government (or equivalent) is, the subject of any sanctions broadly prohibiting dealings with such government (or equivalent), country or territory, including trade sanctions, arms embargoes and other trade restrictions in force in Jersey (refer to Sources 6 and 12 of <a href="#">Appendix D2</a> of this Handbook for current list of sanctioned countries and territories).
sanctioned person	Means a person or entity listed on the <a href="#">sanctions designations lists</a> under the Jersey sanctions regime.
Sanctions and Asset-Freezing Law	<a href="#">Sanctions and Asset-Freezing (Jersey) Law 2019</a>
SAR	Suspicious Activity Report.
Schedule 2 Business	Has the meaning given in Article 1 of the Proceeds of Crime (Supervisory Bodies) (Jersey) Law 2008 [the <i>Supervisory Bodies Law</i> ].
sensitive activities	Refers to activities that have been established, as a matter of policy, by the Jersey Financial Services Commission [the <i>JFSC</i> ] as sensitive activities, and which are listed in the <i>JFSC's</i> <a href="#">Sound Business Practice Policy</a> .
similar identification measures	Has the meaning given in Article 16A(1) of the Money Laundering (Jersey) Order 2008 [the <i>Money Laundering Order</i> ].
sole trader	Has the meaning given in Article 1 of the Money Laundering (Jersey) Order 2008 [the <i>Money Laundering Order</i> ].



Term	Definition
source of funds	The activity that generates the funds for a <i>customer</i> (e.g. salary, trading revenues, or payments out of a trust). <i>Source of funds</i> relates directly to the economic origin of funds to be used in a <i>business relationship</i> or <i>one-off transaction</i> .
source of wealth	The activities that have generated the total net worth of a <i>customer</i> (e.g. ownership of a business, inheritance, or investments). Source of wealth is the origin of the accrued body of wealth of an individual.
SPV	Special Purpose Vehicle – An entity established for a specific purpose e.g. to act as a governing body of a specific fund.
specified Schedule 2 business	Has the meaning given in Article 1 of the Proceeds of Crime (Supervisory Bodies) (Jersey) Law 2008 [the <i>Supervisory Bodies Law</i> ].
statutory requirements	describe the statutory provisions that must be complied with by a supervised person (natural or legal) when carrying on a supervised business, in particular requirements set out in the Money Laundering Order.
supervised business	Has the meaning given in Article 1 of the Proceeds of Crime (Supervisory Bodies) (Jersey) Law 2008 [the <i>Supervisory Bodies Law</i> ].
supervised person	Defined in Article 1 of the Proceeds of Crime (Supervisory Bodies) (Jersey) Law 2008 [the <i>Supervisory Bodies Law</i> ]. Covers persons that are required to comply with the Money Laundering (Jersey) Order 2008 [the <i>Money Laundering Order</i> ] (referred to in the <i>Money Laundering Order</i> as “relevant persons”). <i>Prescribed NPOs</i> are also classed as <i>Supervised Persons</i> . References in this Handbook where legislation is quoted, summarised or paraphrased will be to <i>relevant persons</i> to align with the <i>Money Laundering Order</i> .
Supervisory Bodies Law	<a href="#">Proceeds of Crime (Supervisory Bodies) (Jersey) Law 2008</a> .
Sympathiser	An individual who is <i>not actively</i> engaged in terrorist acts but that supports individual terrorists, terrorist cells or terrorist organisations indirectly.
systems and controls	A <i>supervised person’s</i> general framework to combat <i>money laundering</i> , the <i>financing of terrorism</i> , and the <i>financing of proliferation</i> .
Targeted Financial Sanctions Measures	Targeted Financial Sanctions Measures include any measures made under: <ul style="list-style-type: none"> <li>› The <a href="#">Sanctions and Asset-Freezing (Jersey) Law 2019</a></li> <li>› Any Regulations or Orders made under the enactment falling within the above law (e.g. the <a href="#">Sanctions and Asset-Freezing (Implementation of External Sanctions) (Jersey) Order 2021</a>).</li> </ul>
tax advisers	Persons providing, by way of business, the service set out at Paragraph 2(1)(b) of Part B of Schedule 2 to the Proceeds of Crime (Jersey) Law 1999 [the <i>Proceeds of Crime Law</i> ].



Term	Definition
Terrorism and related terms	<p>“Terrorism”, “act of terrorism” and “terrorist entity” are defined in the Terrorism (Jersey) Law 2002 [the Terrorism Law].</p> <p>“Terrorist activity” is defined in Article 18 of the Sanctions and Asset-Freezing (Jersey) Law 2019 [the Sanctions and Asset-Freezing Law].</p> <p>For the purposes of this Handbook, <a href="#">Targeted financial sanctions related to terrorism and terrorist financing</a> are those described on the JFSC’s website.</p>
Terrorism Law	<a href="#">Terrorism (Jersey) Law 2002.</a>
terrorist financing	Refer to the definition of <i>financing of terrorism</i> .
TF Recruitment	Active and passive processes through which terrorists, terrorist cells and terrorist organisations seek to enlist operational personnel, facilitated by a recruiter.
Third party identification requirements	Has the meaning given at Article 17 of the Money Laundering (Jersey) Order 2008 [the <i>Money Laundering Order</i> ].
Tipping Off Regulations	<a href="#">Proceeds of Crime and Terrorism (Tipping Off – Exceptions) (Jersey) Regulations 2014.</a>
Transfer risk	<p>This risk manifests in multiple ways, all ultimately benefiting terrorists, terrorist cells or terrorist organisations directly or indirectly. It is closely related to fraud, corruption and bribery risks.</p> <p>Examples of transfer risk materialising into <i>Diversions</i> are the risk of transferring Funds to terrorists directly or indirectly, for example by the NPO:</p> <ol style="list-style-type: none"> <li>1. Paying salaries to a Facilitator, making donations to a Terrorist, making cash payments to settle access fees such as road checkpoint tools or other forms of ‘taxation’ to Facilitators, such as making donations for particular causes as directed by them, including where tender processes have been predetermined, to certain suppliers or where this means Terrorists or Facilitators are obtaining access to Resources, influencing aid locations and Beneficiaries. At times, such payments may also be misrepresented in the NPOs financial records as fees for logistics, security etc.</li> <li>2. The risk of transferring Funds to another Charity, NPO, or associate NPO that, in turn, suffers the transfer risk materialising as noted under (1).</li> </ol>
Trust Company Business	<p>Subject to any Order under Article 4 of the Financial Services (Jersey) Law 1998 [the <i>FS(J) Law</i>], has the meaning given at Article 2(3) of the <i>FS(J) Law</i>.</p> <p>Persons carrying on Trust Company Business may also be referred to as “Trust and Company Service Providers” or “TCSPs”.</p>
UN	The United Nations.
UNSC	United Nations Security Council.
unit	Has the meaning given in Article 1(1) of the Collective Investment Funds (Jersey) Law 1988 [ <i>the CIF(J) Law</i> ].



Term	Definition
VAT	Value Added Tax.
Wire Transfers Regulations	<a href="#">EU Legislation (Information Accompanying Transfers of Funds) (Jersey) Regulations 2017.</a>

## 17 PRESCRIBED NON-PROFIT ORGANISATIONS

### Key

The below table is applicable to Section 17 of this Handbook concerning Prescribed NPOs only:

Section	Colour	Obligation explained
Section heading	Blue	Relates to Prescribed NPOs only
Sub heading	Grey	Relates to Prescribed NPOs only
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Guidance notes	Green	Guidance for Prescribed NPOs only



## 17.1 Introduction

1. This section replicates the statutory requirements of the *Prescribed NPO Order* using paraphrased wording.
2. Prescribed Non-Profit Organisations (**Prescribed NPOs**) are *supervised persons* under Article 1 of the *Supervisory Bodies Law*. They are therefore subject to supervision by the JFSC for compliance with the *Prescribed NPO Order*.
3. *Prescribed NPOs* is a sub-section of the non-profit sector which has been identified as being at a heightened risk and vulnerability of being abused for *terrorist financing* purposes.
4. Article 1 of the *Prescribed NPO Order* advises that a *NPO* will be considered a *Prescribed NPO* where, during the preceding 12 months it has:
  - › raised *NPO Funds* exceeding £1,000 from outside Jersey, Guernsey, the Isle of Man, England and Wales and Scotland, or
  - › disbursed *NPO Funds* exceeding £1,000 outside those jurisdictions.
5. The JFSC will apply a risk-based approach to determine how a *Prescribed NPO* is supervised for compliance with the *Prescribed NPO Order* and Section 17 of *the Handbook*. See the [NPO Section of our website](#) for more details.
6. *Prescribed NPOs* are required by the *Prescribed NPO Order* to:
  - › prepare an annual financial statement, and make it available to the JFSC upon request
  - › have appropriate systems and controls to ensure that *NPO Funds* are fully accounted for
  - › keep records of *NPO Owners and Controllers*
  - › keep records of significant donors, and
  - › take reasonable steps to identify, obtain information on, and confirm that its *associate NPOs* and *NPO Beneficiaries* are not assisting, or being used to assist, terrorist activities.
7. Parts of this section headed “Statutory Requirements” and “Codes of Practice” **are mandatory** and *Prescribed NPOs* are required to comply with them. Parts of this section headed “Guidance notes” **are not mandatory** and provide examples of how *Prescribed NPOs* might demonstrate compliance with the requirements of the *Prescribed NPO Order* and *Codes of Practice*.
8. Unless otherwise stated:
  - a. the *AML/CFT/CPF Codes of Practice* set out in Sections 2-16 of *the Handbook* do not apply to *Prescribed NPOs*.
  - b. *Prescribed NPOs* need to apply the requirements of the *Prescribed NPO Order* and Section 17 of *the Handbook* to all of their relationships with *NPO Beneficiaries* and *associate NPOs*, not just those which are connected to higher risk jurisdictions.
9. Other acceptable methods of complying with the *Prescribed NPO Order* and *Codes of Practice*, outside those described in the *Guidance notes*, may be possible provided they are equally as robust in demonstrating compliance with the mandatory requirements.
10. A *Prescribed NPO* should apply a risk-based approach to determine what kind of measures might be appropriate to demonstrate compliance with the *Prescribed NPO Order* and *Codes of Practice*.



11. Whether any particular measure outside those described in the *Guidance notes* is in compliance with the mandatory requirements will be determined on a case-by-case basis. A *Prescribed NPO* will be expected to demonstrate how the measure applied is equally as robust. This may be facilitated, for example, by documenting how the specific measure meets the requirements of the *Prescribed NPO Order* and *NPO Beneficiary*.

## 17.2 Vulnerabilities of Prescribed NPOs

### Overview

12. The April 2022 [the National Risk Assessment for NPOs](#) (the **NPO NRA**) identified around 11% of Jersey-based *NPOs* as being particularly vulnerable to being abused for *terrorist financing purposes*.
13. This sub-sector of *NPOs* may be more vulnerable to *terrorist financing* abuse due to one or more of the following factors:
  - › operating in higher-risk jurisdictions, such as conflict zones, failed states and disaster areas, where support such as humanitarian aid and disaster relief is desperately needed, and which equally are areas where terrorists also are known to undertake activities
  - › using *associate NPOs*
  - › using money remittance methods, such as *hawala* and cash, which may render the tracing of funds to legitimate *NPO Beneficiaries* more challenging.
14. *Diversion* is the principal way in which *NPOs* may be abused for *terrorist financing*. The Glossary of *the Handbook* defines *Diversion* as “transactions by *NPO Representatives* or external parties such as *associate NPOs* that divert funds away from the *NPO’s* legitimately intended purposes to a terrorist, terrorist cell or terrorist organisation for them to benefit from, directly or indirectly”.
15. Examples of how *Diversion* may take place include:
  - › terrorists posing as legitimate *NPO Beneficiaries* to benefit from *NPO* programmes, such as receiving *NPO Funds*
  - › terrorists appearing to act as ordinary *associate NPOs*, at the same time as abusing *NPO Resources* by diverting *NPO Funds* to support their activities.
16. *Diversion* risk may increase where a *NPO*:
  - › does not properly invest in its *terrorist financing* risk control framework on grounds of cost
  - › is too focused on assisting *NPO Beneficiaries* at the expense of accountability or effective risk management
  - › has a high risk appetite, and a low level of *terrorist financing* risk controls
  - › takes the view that if no incidents are reported, or that the diverted value is small, the risk of *terrorist financing* abuse is negligible. It is worth reflecting that even when utilising small amounts, a bad actor can cause great harm. For example, the cost of assembling a dangerous homemade explosive device can require only a relatively small amount of funds.



17. *Diversion* risk can also increase where a *NPO* does not adequately manage “transfer risk”, i.e. the risk that *Diversion* will take place where funds are transferred to *associate NPOs*. High-quality *associate NPOs* can reduce *terrorist financing* risk, with their local knowledge and relationships providing an additional level of information and control to the *NPO*. However, poor due diligence can increase the *terrorist financing* risk. Some *associate NPOs* may be sympathetic to, infiltrated by, or under the control of, terrorist elements. Alternatively, they may not have strong *terrorist financing* controls and may inadvertently finance terrorist activities.
18. Ceding control of funds does not cede responsibility for their destination. *Associate NPO* selection, due diligence and oversight forms a crucial part of responsible *NPO* activity.
19. The offence of *terrorist financing* is broad in nature and scope. For the purposes of *the Handbook*, it is defined as:
  - › Conduct which is an offence under any provision of Articles 15, 16 and 16A of the Terrorism (Jersey) Law 2002 (**the Terrorism Law**)
  - › Conduct outside Jersey which, if occurring in Jersey, would be an offence under Articles 15, 16 and 16A of the Terrorism Law
  - › Conduct which is an offence under any provision of Article 21 of the Terrorism Law
  - › Conduct which is an offence under any provision of Parts 3, 4 and 6 of the Sanctions and Asset-Freezing (Jersey) Law 2019 (**the Sanctions and Asset-Freezing Law**).

## 17.3 Risk-based approach

### Statutory requirements (paraphrased wording)

20. *Article 6 of the Prescribed NPO Order requires a Prescribed NPO to take reasonable steps to:*
  - › *identify its associate NPOs and NPO Beneficiaries*
  - › *obtain information about:*
    - *the activities of each associate NPO and NPO Beneficiary, and*
    - *the nature and purpose of its relationship with each associate NPO and NPO Beneficiary and*
  - › *confirm, so far as possible, that its associate NPOs and NPO Beneficiaries are not assisting or being used to assist terrorism or the financing of terrorism.*
21. *In Article 6:*
  - › *“associate NPO” means an NPO with which the Prescribed NPO collaborates or works jointly in carrying out its activities*
  - › *“beneficiary” means a person who receives assistance through the activities of the Prescribed NPO.*



### 17.3.1 NPO programme risk assessment (NPO PRA) and associated activities

#### Codes of Practice

22. A *Prescribed NPO* must assess and mitigate the risk of being used to assist terrorism, or the *financing of terrorism*.
23. A *Prescribed NPO* must define and document their approach to *Diversion* risk in a risk appetite statement.
24. A *Prescribed NPO* must have internal systems and controls in place to mitigate *Diversion* risks.

#### Guidance notes

25. *Prescribed NPOs* are expected to apply enhanced controls to demonstrate that they are effectively identifying, assessing, managing and mitigating *terrorist financing* risks. These risks may include, but are not limited to:
  - › operating in jurisdictions with higher *terrorist financing* risks, such as those identified in Appendix D2 of this Handbook, including, for example, conflict zones, failed states, and disaster areas
  - › utilising certain payment remittance methods which fall outside the formal banking system, such as *Hawala*, mobile money, preloaded cards, virtual assets, cash (outside Jersey) etc.
  - › funds being diverted from intended beneficiaries of the *NPO* programme to any other third party with weak *terrorist financing* controls.
26. A risk-based approach is not intended to prevent or obstruct aid from reaching legitimate *NPO Beneficiaries*. It is a way of ensuring it reaches them in the safest way. Transparency is critical for mitigating *diversion* risk. Without assessing risk in a meaningful way, it is not possible to ascertain if the systems and controls in place are effective. Adequate systems and controls can also safeguard the non-profit sector, and Jersey, from reputational damage. Robust controls provide confidence to donors, financial institutions, such as banks, and the regulator. It can also mitigate civil litigation from donors.
27. A risk-based approach can be established through the completion of a *NPO* programme risk assessment (**NPO PRA**). These should be undertaken by the charity governors, board members, trustees, senior officers (or equivalent, whether or not they are remunerated). The *NPO PRA* should be:
  - › undertaken as soon as reasonably practicable before the *NPO* commences the programme, and
  - › recorded to assist the *NPO* in demonstrating its rationale.
28. Whilst it is the responsibility of each *Prescribed NPO* to identify and define their *NPO* programme(s) of activity, examples may include:
  - › the delivery of food parcels to rural communities in X country
  - › providing emergency shelters and supplies to victims of an earthquake and tsunami in Y country



- › funding of an animal shelter in Z country.
29. A *Prescribed NPO* may consider it appropriate to conduct a separate risk assessment for each *NPO* programme of activity undertaken. This might be appropriate where only one *NPO* programme of activity is conducted at a time.
30. Where a *Prescribed NPO* undertakes a large number of *NPO* programmes simultaneously, e.g. aid operations in multiple countries, it may be more suitable to conduct one *NPO PRA* for the whole body of work conducted.
31. A *NPO PRA* should be reviewed at any point where there is a perceived change in the risk profile of the *NPO* programme(s) which have been assessed (e.g. if civil unrest develops in the region where the *NPO* programme is taking place)
32. The *NPO PRA* should have regard to all relevant risk factors. These may include, but are not limited to:
- › the nature, scale, complexity and the diversity of its operations (including geographical diversity), the volume and size of its transactions, and the degree of risk associated with each area of its operation
  - › jurisdictions, territories or areas where it is not uncommon that terrorist organisations may demand that people they direct should be involved in a *NPO* programme, for example where the terrorists may be political actors, or where terrorists otherwise control the area
  - › operating in environments where gifts form part of cultural interactions, and where terrorist organisations may exert pressure to comply with such donations
  - › operating in environments where taxes and fees are collected by terrorist organisations or their sympathisers, and where this is a known and regular occurrence
  - › location remoteness and intensity of local conflict and factions, potentially intensified by legitimate security and policing forces not having a presence
  - › carrying out distribution work in jurisdictions, territories or areas that are controlled by terrorist organisations where the *NPO* may be directed or demanded to provide aid to certain parties
  - › the characteristics of activities and services the *NPO* offers, and the associated vulnerabilities posed by each activity and service
  - › any degree of third party involvement in the *NPO* programme, including, for example, using *associate NPOs*
  - › jurisdictions, territories or areas where *NPOs* require the support of local *associate NPOs* to be able to operate safely and where terrorist organisations have political support and influence
  - › circumstances where it is difficult to adequately screen a person's background or establish their associates
  - › any risk presented by the *Prescribed NPO's* donors or *NPO Beneficiaries*
  - › any risk presented by the technology utilised by the *Prescribed NPO*, including communications channels, fund-raising platforms and payment mechanisms



- › being the target of a cyber-attack, such as through phishing. An example of a cyber-attack might be where an attacker sends an e-mail to the *Prescribed NPO*, pretending to be from one of their suppliers. The e-mail includes an invoice and states that the supplier has changed their bank and requires the NPO to amend the account details of where to send payments. The invoice has been doctored and the new account details are those of the attacker. The money is then transferred directly to the attacker, potentially for the benefit of terrorists.
33. When conducting a *NPO PRA* care should be taken not to focus too much on any single factor. All aspects of the political, economic, geographical, technological, social and sanction risk environment in the area of the *NPO's* operations should be considered. *Prescribed NPOs* should also take into account any risks identified by a *NPO NRA*, or similar documents.
34. Risk should also be considered on a cumulative basis. The overall exposure from all risks aggregated together may be greater than if they were each considered individually.
35. An example of a *NPO PRA* checklist can be downloaded from our website and modified, as appropriate: [draft programme risk assessment checklist](#). This template is not intended to be rigid or prescriptive. A *NPO* may wish to make amendments to the checklist to account for the specific risks relevant to its activities.
36. To support the assessment of risks presented by a particular *NPO* programme of work, it may be appropriate to prepare a risk appetite statement. This statement sets out what level of *terrorist financing* risk the *Prescribed NPO* is prepared to tolerate. A clear position, set out in writing, can assist a *Prescribed NPO* in deciding whether a proposed *NPO* programme of work creates too much risk exposure to be undertaken.
37. It is our expectation that a risk appetite statement should confirm, at a minimum, that the *Prescribed NPO* will not tolerate *diversion*, nor parties that enable *diversion*. It may also consider and discuss:
- › whether there are certain jurisdictions, territories or areas in which the *NPO* is comfortable to operate, such as where it has previous experience and is engaged with known *associate NPOs*. There may be other places where the *NPO* is unwilling to operate
  - › if the *Prescribed NPO* will avoid certain routes or geographical areas, or particular relationships, or the use of certain payment methods (e.g. cash, pre-paid cards, *hawala*, mobile money, virtual assets etc.)
  - › if working alongside certain *associate NPOs* falls outside the *NPO's* risk appetite
  - › what contractual arrangements and terms it will be prepared to put in place working with an *associate NPO*, for example seeking undertakings of non-tolerance for *diversion*
  - › what types of donors it will accept funding from
  - › who it will distribute benefits to and where
  - › certain conflict levels which it will not tolerate, such as delivering aid in an active warzone.
38. When preparing the *NPO PRA* and risk appetite statement, it is important to recognise that a *NPO's* risk management capabilities are not always transferrable from one *NPO* programme to another. If adequate safeguards cannot be put in place regarding a particular *NPO* programme, it should be considered whether another *NPO*, with greater capability, ought to carry out the *NPO* programme instead.



39. A *Prescribed NPO* may consider that it is able to establish a risk-based approach through methods other than conducting a *NPO PRA*, and/or risk appetite statement. In these circumstances, the *Prescribed NPO* is expected to demonstrate how its alternative measures achieve the same outcome as those set out above.
40. Where a *Prescribed NPO* is receiving services from a regulated *TCSP* (as defined in Section 4.4.5 of *the Handbook*), it may be appropriate for the regulated *TCSP* to add the output of the *NPO PRA* and risk appetite statement to their own *BRA* (see Section 2.3.1 of *the Handbook*).
41. A regulated *TCSP* may also consider it appropriate to integrate any periodic testing of the *Prescribed NPO's* systems and controls into the testing undertaken for their *TCSP* business (see Section 2.4.2 of *the Handbook*).

#### 17.3.1.1 Prescribed NPOs solely remitting to charities in equivalent jurisdictions

42. For guidance in terms of what is meant by an equivalent jurisdiction, see Appendix B of *the Handbook*.
43. A number of *NPOs* established in Jersey conduct no activity apart from disbursing funds to charities which are operating in equivalent jurisdictions. Examples of this type of operating model include:
  - › a faith-based *NPO* sending funds to a larger faith-based organisation, based in an equivalent jurisdiction, which conducts mission activities across the world
  - › a Jersey branch of a global aid organisation sending funds to its headquarters based in an equivalent jurisdiction.
44. When conducting their *NPO PRA* (or equivalent), *Prescribed NPOs* undertaking no activity apart from disbursing funds to charities which are operating in equivalent jurisdictions, should take into account the following factors:
  - › what jurisdictions does the recipient organisation operate in?
  - › how has the *Prescribed NPO* concluded that the country in which the recipient organisation operates is an equivalent jurisdiction (see Sections 1.8.2 and 1.8.3 and Appendix B of *the Handbook* for further guidance)?
  - › will the funds sent by the *Prescribed NPO* be applied for a specific purpose, or does the recipient organisation have the freedom to apply the funds to whatever activities it sees fit?
  - › what assurances has the recipient organisation given in terms of their systems and controls to mitigate the risk of *Diversion*?
45. Set out below is a case study demonstrating how a *Prescribed NPO* acting in this manner might carry out their *NPO PRA* (or equivalent):
  - › a *Prescribed NPO* has been established to raise funds in Jersey, in order to support a charity based abroad which rescues and rehomes stray dogs from across the world. That charity operates in a number of higher-risk jurisdictions for *terrorist financing* purposes as per Appendix D2 of *the Handbook*.
  - › the *Prescribed NPO* sends *NPO Funds* to the charity with no caveats in terms of how it should be applied, and the charity is free to use the money as it chooses

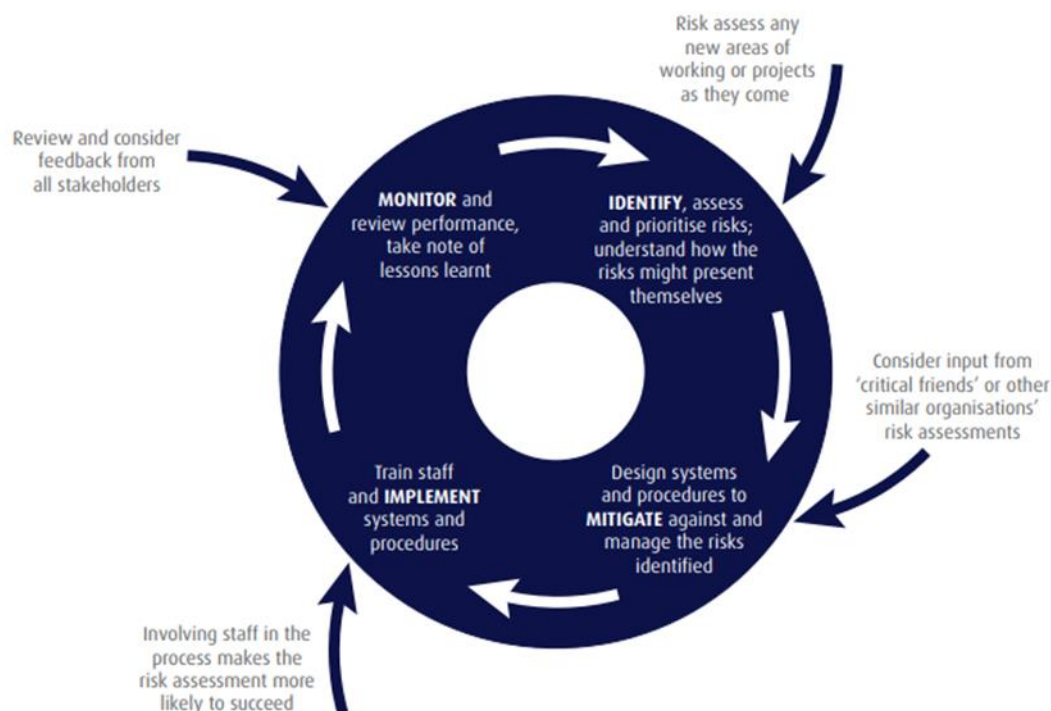


- › the *Prescribed NPO* is aware of the risk that the *NPO Funds* they have donated may be diverted for *terrorist financing* purposes once they reach the higher-risk jurisdictions. Therefore, they ask the charity to provide details of their systems and controls to counter *terrorist financing*. This may include speaking with the charity's Head of CFT, reviewing their policy manual and finding out who their *associate NPOs* are. The *Prescribed NPO* may also consider the track record of the charity and their *associate NPOs* through a search for adverse news articles on Google. The *Prescribed NPO* may check that the charity remains in good standing with the regulator in the jurisdiction where the charity is supervised
- › after considering the above, the governing body of the *Prescribed NPO* decides they are satisfied that the charity has sufficient controls to mitigate the risk of *Diversions*. The *Prescribed NPO* records their checks, and the rationale for their decision, in their *NPO PRA* and proceed to remit *NPO Funds* to the charity
- › As part of their ongoing risk monitoring, the governing body of the *Prescribed NPO* decides to check for adverse news articles on the charity via Google on an annual basis.

### 17.3.2 Ongoing risk monitoring

46. Risk monitoring of a *NPO* programme is a dynamic and cyclical process. It ensures that any new risks are addressed as they arise and establishes how previously identified risks may have changed. The below diagram from the UK Charities Commission illustrates the risk assessment cycle:

#### The risk assessment cycle



47. A *Prescribed NPO* may demonstrate that *terrorist financing* risks are being monitored on an ongoing basis by:



- › ensuring that the identification, assessment, management and mitigation of risk is linked to the achievement of the *Prescribed NPO's* operational objectives
  - › ensuring that the assessment process reflects the charity governors', Board members', trustees', senior officers' (or equivalent, whether or not they are remunerated) view of acceptable risk
  - › reviewing and considering the results of risk identification, evaluation and management
  - › considering the risks attached to significant new activities or opportunities
  - › considering external factors, such as new legislation, sanctions or regulations
  - › considering the financial impact of risk as part of budget planning
  - › documenting how the charity governor's, board member's, trustee's, senior officers (or equivalent, whether or not they are remunerated) have decided how the identified risks should be treated and managed.
48. A *Prescribed NPO* may demonstrate they are adequately monitoring risk by keeping records of their monitoring activities in a *Diversion* risk register. An example of a *Diversion* risk register can be downloaded from our website: [draft diversion risk register template](#).
49. This template is not intended to be rigid or prescriptive. A *Prescribed NPO* may decide, with reference to its *NPO PRA* and/or risk appetite statement (or equivalents) that it should carry out monitoring on more, less or different risks than those listed in the template *Diversion* risk register.
50. When completing the *Diversion* risk register, a *Prescribed NPO* should refer to their *NPO PRA* and/or risk appetite statement (or equivalents) to help them conclude the risk level of a particular area, and what controls should be put in place. For example:
- › a risk area assessed as low risk may only need minimal controls
  - › a risk area assessed as medium risk may need some additional controls and
  - › a higher risk activity may need significant additional controls. If it is judged that the risk cannot be mitigated by the *Prescribed NPO* to an acceptable level, it would be appropriate to leave this work to another party that can effectively manage the risk.
51. It is recommended that a periodic review of a *NPO's* risks is conducted at least annually. Through the application of a risk-based approach, it can be determined whether certain risks should be monitored more or less frequently. For example:
- › A *Prescribed NPO* whose sole activity is disbursing funds to a reputable charity which only carries out activity in an equivalent jurisdiction may only need to review their exposure to higher-risk jurisdictions on an annual basis; for example by seeking confirmation from the overseas charity that it continues to only act within their home jurisdiction
  - › If a *Prescribed NPO* is supporting displaced persons in a country undergoing civil conflict its activity is potentially exposed to the risk of being extorted for a portion of the *NPO Funds* to gain access to the *NPO Beneficiaries*. In this case it would be more appropriate to monitor the risk of association with a target of financial sanctions related to terrorism on a more regular basis at an interval that is appropriate in the circumstances, e.g. quarterly.



52. In all cases, the outcome of periodic reviews should be documented. A *Prescribed NPO* should be able to explain and justify why it has chosen to conduct its risk monitoring in a certain manner, and at a certain interval.

## 17.4 NPO Beneficiaries, Associate NPOs and donors

### 17.4.1 NPO Beneficiaries

#### Statutory requirements (paraphrased wording)

53. *Article 6 of the Prescribed NPO Order requires a Prescribed NPO to take reasonable steps to:*
- › *identify its associate NPOs and NPO Beneficiaries*
  - › *obtain information about:*
    - *the activities of each associate NPO and NPO Beneficiary and*
    - *the nature and purpose of its relationship with each associate NPO and NPO Beneficiary and*
  - › *confirm, so far as possible, that its associate NPOs and NPO Beneficiaries are not assisting or being used to assist terrorism or the financing of terrorism.*

#### Overview

54. *NPO Beneficiaries* are defined in the Glossary above. As noted, this term captures natural persons, as well as groups of natural persons.
55. For the purposes of *the Handbook*, a *Prescribed NPO* establishes a relationship with an *NPO Beneficiary*.
56. To comply with the *Prescribed NPO Order*, a *Prescribed NPO* will need to apply a level of due diligence on its *NPO Beneficiaries*. The due diligence in this respect is not intended to follow that of financial services businesses, since this would not be proportionate, nor appropriate. Instead, the *NPO* should identify its *NPO Beneficiaries* by applying a risk-based approach.
57. In the context of *NPO Beneficiaries*, a risk-based approach means applying sufficient measures, having regard to the *NPO PRA* and risk appetite statement (or equivalent documents), to be satisfied that the *NPO Beneficiary* is not involved in terrorism or *terrorist financing*. A higher level of risk may require more stringent measures to be applied, whilst a lower level of risk might require less.
58. Throughout Section 17 of *the Handbook*, it may be relevant for a *Prescribed NPO* to refer to other sections of this Handbook for additional guidance. When reviewing these sections, a *Prescribed NPO* should consider the term 'customer' to refer to *NPO Beneficiaries*.
59. Where a *Prescribed NPO* is receiving services from a regulated TCSP (as defined in Section 4.4.5 of *the Handbook*) and it is considered appropriate to do so, the *NPO* may choose to apply due diligence measures which are aligned with those set out in Sections 3 and 4 of *the Handbook*.



### Guidance notes – Identifying NPO Beneficiaries

60. Where an *NPO Beneficiary* is a **single person**, a *Prescribed NPO* may demonstrate that it has taken reasonable measures to identify that person where it obtains the following information:
  - › Name
  - › Date of birth (if possible)
  - › Country of birth
  - › Current area of residence.
61. The amount of identity information requested may differ based on the outcome of the *NPO PRA* (or equivalent).
62. Identity information for an individual may be obtained directly from the *NPO Beneficiary*, or their representative.
63. Where an *NPO Beneficiary* is a **group of persons**, for example refugees from a particular conflict, there is no requirement to identify each individual person.
64. In these cases, the *Prescribed NPO* may demonstrate that it has taken reasonable measures to identify the group if the characteristics of that group are consistent with the purpose and objectives set out in the *Prescribed NPO's* constitutional documents (or their equivalent).
65. For example, if the *Prescribed NPO's* constitutional documents state that its objective is to provide humanitarian support to victims of conflict, this would be consistent with a group of *NPO Beneficiaries* who are a group of refugees from such conflicts.
66. However, the *Prescribed NPO* should be alive to the fact that different classes of *NPO Beneficiaries* will present different levels of risk from a *terrorist financing* perspective based on their location and proximity to terrorist organisations etc.
67. Identity information for a group of persons may be obtained from a representative of that group.

### Guidance notes – Nature and purpose of relationship with NPO Beneficiary

68. As part of its reasonable measures in respect of *NPO Beneficiaries*, a *Prescribed NPO* will need to obtain information on the nature and purpose of their relationship with the *NPO Beneficiary*. It should do this by requesting and documenting the information at the establishment of the relationship.
69. The “nature” of a relationship may include:
  - › the amount and type of *NPO funds* which would be applied to the *NPO Beneficiary/(-ies)*
  - › whether any *associate NPOs* are involved, and their purpose.
70. The “purpose” of a relationship may include:
  - › what the activity is aiming to achieve, such as building a pump to provide a rural community with access to clean water or distributing food to victims of a drought.



## Guidance notes – Confirming NPO beneficiaries are not involved in terrorism

71. Where a *NPO Beneficiary* is a single person, a *Prescribed NPO* may demonstrate that it has taken reasonable measures to confirm that person is not assisting, or being used to assist, terrorism/the *financing of terrorism*, where it takes steps to ascertain whether the person is a legitimate *NPO Beneficiary*. Such steps may include:
- › seeking a reference from an independent person to corroborate the information provided by or regarding the *NPO Beneficiary*. For example, if the *NPO Beneficiary* is a child staying in an orphanage, the reference should confirm that the child is in fact staying there
  - › visiting the location where the *NPO Funds* will be applied to consider whether the amount(s) to be applied appear reasonable given what is proposed to be done with them
  - › considering if the amount(s) to be applied to the *NPO Beneficiary* makes sense when compared to previous relationships with similar characteristics
  - › reviewing the correspondence held with the *NPO Beneficiary*, their representatives and relevant *associate NPOs*, then considering if the proposed relationship makes sense based on what they have said
72. Where a *NPO Beneficiary* is a group of persons, for example refugees from a war zone, there is no requirement to obtain a confirmation for each individual person. The *Prescribed NPO* should still take account of the particular characteristics of the group of *NPO Beneficiaries* when preparing its *NPO PRA* (or equivalent).
73. In these cases, the *Prescribed NPO* may demonstrate compliance with the *Prescribed NPO Order* by taking measures to ensure the group of persons are legitimate *NPO Beneficiaries*. This may be achieved by, for example:
- › visiting the location where the *NPO Funds* will be applied and by considering whether the amount(s) to be applied appear to be reasonable given what is proposed to be done with them
  - › considering if the amount(s) to be applied to the group of *NPO Beneficiaries* makes sense when compared to previous relationships with similar characteristics
  - › reviewing the correspondence held with the group of *NPO Beneficiaries*, their representatives and relevant *associate NPOs*, then considering if the proposed business relationship or one-off transaction makes sense based on what they have said.
74. Based on the assessed risk of the relationship with the *NPO Beneficiaries*, one or more of the above measures may be appropriate.

### 17.4.2 Associate NPOs

#### Statutory requirements (paraphrased wording)

75. Article 6 of the *Prescribed NPO Order* requires a *Prescribed NPO* to take reasonable steps to:
- › identify its *associate NPOs* and *NPO Beneficiaries*
  - › obtain information about:



- *the activities of each associate NPO and NPO Beneficiary and*
- *the nature and purpose of its relationship with each associate NPO and NPO Beneficiary and*

› *confirm, so far as possible, that its associate NPOs and NPO Beneficiaries are not assisting or being used to assist terrorism or the financing of terrorism.*

## Overview

76. Article 6(2) of the *Prescribed NPO Order* defines an *associate NPO* as “an NPO with which the prescribed NPO collaborates or works jointly in carrying out its activities”. *Associate NPOs* may sometimes be referred to as “Partners”.
77. An *associate NPO* might be based in Jersey, or they might be based in another jurisdiction.
78. For the purposes of this Handbook, a *Prescribed NPO* establishes a relationship with its *associate NPOs*.
79. To comply with the *Prescribed NPO Order*, a *Prescribed NPO* will need to apply a level of due diligence to its *associate NPOs*.
80. *Prescribed NPOs* should refer to their *NPO PRA* (or equivalent) and use their judgement to determine how much identity information needs to be obtained in each case, and how that information should be verified.
81. The *Prescribed NPO* is expected to make this decision by applying a risk-based approach, making reference to its risk appetite statement, documenting its decision-making and keeping it under regular review.
82. Where a *Prescribed NPO* is receiving services from a regulated *TCSP* (as defined in Section 4.4.5 of *the Handbook*) and it is considered appropriate to do so, the *NPO* may choose to apply due diligence measures which are aligned with those set out in Sections 3 and 4 of *the Handbook*.

## Guidance notes – Identifying an associate NPO

83. Where an *associate NPO* is a **natural person**, a *Prescribed NPO* may demonstrate that it has taken reasonable measures to identify that *associate NPO* where it obtains the following information:
  - › Name
  - › Date of birth (if possible)
  - › Country of birth
  - › Current area of residence
  - › Principal area of operations.
84. Where an *associate NPO* is a **legal person** (such as a company) or a **legal arrangement** (such as a trust), a *Prescribed NPO* should obtain the following information:
  - › date of incorporation or establishment
  - › country of incorporation or establishment
  - › principal area of operations
  - › names of the *associate NPO Controllers*, e.g. Board members or trustees.



85. Identity information may be obtained directly from the *associate NPO*, or their representative.
86. The amount of identity information obtained may differ through the taking of a risk-based approach, based on the outcome of the *NPO PRA* and the *NPO's* risk appetite statement. For example, where the *NPO PRA* produces a higher risk outcome the *Prescribed NPO* may wish to also obtain the names of the *associate NPO's Owners*, e.g. shareholders or partners of a partnership arrangement.

### Guidance notes – Nature and purpose of relationship

87. A *Prescribed NPO* may demonstrate that it has obtained information on the nature and purpose of a relationship where it requests and documents this information at the establishment of a relationship.
88. The “nature” of a relationship may include:
  - › the type of activity the *associate NPO* will undertake on behalf of the *Prescribed NPO*, e.g. delivering medical supplies to a disaster area
  - › how that activity is intended to be carried out, e.g. the *associate NPO* will utilise its fleet of heavy-duty vehicles.
89. The “purpose” of a relationship may include:
  - › the reason the *Prescribed NPO* is engaging with the *associate NPO*, e.g. the *associate NPO* is able to access areas of a country which, for security reasons, the *Prescribed NPO* is otherwise unable to reach.

### Guidance notes – Confirming associate NPOs are not involved in terrorism

90. A *Prescribed NPO* may demonstrate that it has taken reasonable measures to confirm an *associate NPO* is not assisting, or being used to assist, terrorism/*the financing of terrorism* where it does so through the use of robust, independent data sources.
91. Based on the outcome of the *NPO PRA*, a greater or lesser level of measures may be necessary to mitigate the risk of the *associate NPO* being involved in *terrorist financing*. However, *Prescribed NPOs* should always include the following checks in their due diligence measures relating to *associate NPOs*:
  - › screening against the [UK](#) and [Jersey](#) lists of proscribed terrorist organisations
  - › the [OFSI Consolidated sanctions list](#) and the [UK sanctions list](#).
92. A *Prescribed NPO* may undertake screening in respect of sanctions through several different methods. These should be tailored so they are appropriate to its size and complexity. Examples may include:
  - › a *Prescribed NPO* which is receiving services from a regulated TCSP (as defined in Section 4.4.5 of *the Handbook*) might utilise a screening program developed by a professional due diligence firm to which the service provider already has access
  - › if checks which substantively achieve what is set out in paragraphs 90 and 91 above have recently been carried out by the *Prescribed NPO's* service provider in compliance with its requirements under Sections 3 of *the Handbook*, it is not necessary for the service provider to repeat them



- › where a *Prescribed NPO* is small and individuals participate on a part-time/voluntary basis, the checks may be carried out by a person directly accessing the above-referenced lists and searching for the required names via the “Find” function of their internet browser.
93. The *Prescribed NPO* needs to be cognisant that when undertaking screening, it is important to remember that the connection to *sanctioned/designated persons* and proscribed terrorist organisations is more likely to be hidden, meaning that the person the *NPO* is engaging with is not necessarily directly captured in the lists the *Prescribed NPO* is checking against. Instead, they may be indirectly captured via their associations with terrorists, which may not be immediately apparent, but which can be brought to light through undertaking additional enquiries.
94. The independent data sources used should seek to confirm that the *associate NPO* is a legitimate person or operation. Set out below are some examples of due diligence which may be carried out at different levels of risk. The *Prescribed NPO* should document its decision in each case regarding how much due diligence it has decided to undertake:
- › Lower risk
    - obtaining details of the legal person or arrangement from an online registry
    - seeking references from other *NPOs* to corroborate the information *the associate NPO* has provided
    - undertaking an open-source check (e.g. Google) to ascertain if the *associate NPO* has been subject to any adverse media coverage.
  - › Medium risk
    - review of registration documentation
    - understanding how long an *associate NPO* has been operating, e.g. has it been set up “overnight” to capitalise on a market opportunity?
  - › Higher risk
    - inspecting the *associate NPO's* site of operations to view their activities first-hand (or commissioning a trusted third party to do so)
    - inspections of *associate NPO* records and financial statements
    - requesting details of their anti-*Diversion* systems and controls and testing them.
95. There may be circumstances where a *Prescribed NPO* has a long-term relationship with an *associate NPO*. In this scenario, they may consider that additional verification of the *associate NPO's* identity, as set out above, is not required. If the *NPO* takes this decision, they should ensure their rationale for undertaking no further verification is documented. An example is set out below:
- › a *Prescribed NPO* in Jersey provides monetary aid to several rural communities in a foreign country. The *NPO Funds* are sent to their *associate NPO*, where a local faith leader is responsible for ensuring *NPO Funds* are distributed where they are most needed, to legitimate *NPO Beneficiaries*. The *Prescribed NPO* has worked with the *associate NPO* for over a decade and several members of the governing body have met with the local faith



leader personally. Through this relationship, they are satisfied that the faith leader is a respectable person of good standing. The *Prescribed NPO* considers that no further verification is required. The governing body records their rationale at the next general meeting.

96. To help mitigate *terrorist financing* risk, a *Prescribed NPO* may wish to consider putting a partnership agreement in place to govern the relationship with the *associate NPO*. This agreement might include certain clauses to ensure a strong CFT framework is put together and maintained. Example clauses include:
- › an explanation of what *terrorist financing* and *Diversion* is
  - › an undertaking that the *associate NPO* has appropriate measures in place to mitigate the risks of *terrorist financing*, and commits the *associate NPO*, on a best endeavours basis, to preventing it from occurring
  - › permitting the *Prescribed NPO* to request whatever information is necessary from the *associate NPO* to satisfy its due diligence requirements
  - › agreeing to the *Prescribed NPO* carrying out spot-checks on the activities of the *associate NPO* or its representative. Where a physical visit is not possible due to, for example, safety concerns, other measures of verification may be permitted such as video calls, requesting copies of invoices etc.
  - › requiring the *associate NPO* to maintain an audit trail of its activities and provide it to the *Prescribed NPO* upon request (may also extend to formal financial records)
  - › the *Prescribed NPO* reserving the right to terminate the business relationship or one-off transaction should the outcome of any checks be unsatisfactory, or if it is identified that *Diversion* has taken place.
97. There may be circumstances where a *Prescribed NPO* concludes that it is not possible, nor necessary, to put a partnership agreement, or one with *CFT* clauses, in place. If this is the case, the *NPO* should be able to explain why they took that decision and how they consider the risk of *Diversion* to be mitigated without a partnership agreement, or *CFT* clauses, being in place.

#### 17.4.2.1 Exceptional circumstances

##### Guidance notes

98. There may be exceptional circumstances where a relationship with an *associate NPO* may need to be established or carried out rapidly. An example may be a humanitarian disaster, like a flood or earthquake which cuts off a community from food and water. Such disasters require an urgent response. Undertaking due diligence at the outset of the relationship in the way that would otherwise be expected is likely to be inappropriate.
99. Of course, this does not mean that *Prescribed NPOs* should undertake a lesser level of due diligence compared to where the need is less urgent. A *Prescribed NPO* which intends to operate in emergency scenarios will need to demonstrate they are prepared and able to implement effective controls when engaging *associate NPOs* for this purpose.



100. A *Prescribed NPO* may therefore demonstrate compliance with Article 6 of the *Prescribed NPO Order* where it:
  - › establishes and maintains effective procedures governing how it will identify and engage appropriate *associate NPOs* in any given scenario
  - › undertakes as much due diligence at the outset as can be done without unduly delaying the establishment of the relationship and
  - › undertakes the remaining checks deemed appropriate by the *NPO PRA* as soon as possible following the commencement of the relationship, e.g. whilst the *associate NPO* is operating ‘on the ground’ in the local area where distributions are carried out.
101. Where the above approach has been taken, a *Prescribed NPO* should clearly document its rationale for applying this exception and set out a timeframe during which the remaining checks will be carried out and such allowances should also be documented in its *NPO* risk appetite statement.
102. The *Prescribed NPO* should consider including a clause in its partnership agreement whereby it reserves the right to terminate the relationship should the outcome of the checks be unsatisfactory.
103. Equally, a *Prescribed NPO* may consider utilising a “preferred partner”/*associate NPO* which has already been through the due diligence process before the exceptional event occurs.

### 17.4.3 NPO donors

#### Statutory requirements (paraphrased wording)

104. Article 5 of the *Prescribed NPO Order* requires a *Prescribed NPO* to keep records of donors who, during the preceding 12 months, have donated (as a single donation or cumulatively) –
  - › £10,000 or above or
  - › over 50% of total donations made to the *Prescribed NPO* during that period.

#### Overview

105. Donations to *Prescribed NPOs* are diverse. For example, a significant contribution made by a wealthy individual or institution, or a small monthly contribution made by a member of the public.
106. For the purposes of *the Handbook*, the relationship between a *Prescribed NPO* and its donors is not considered to constitute a business relationship or one-off transaction.
107. As noted above, Article 5 of the *Prescribed NPO Order* requires *Prescribed NPOs* to keep a record of “significant donors”, i.e. those falling within Article 5(1)(a) and 5(1)(b) of the *Prescribed NPO Order*.
108. To comply with the *Prescribed NPO Order*, a *Prescribed NPO* will need to apply a level of due diligence to its significant donors.
109. *Prescribed NPOs* should refer to their *NPO PRA* and their risk appetite statement (or equivalent documents) and use their judgement to determine how much identity information needs to be obtained in each case to mitigate the risk of *Diversion*.



110. There is no requirement in *the Prescribed NPO Order* to **verify** the identity information collected for significant donors. However, in some circumstances, such as when the *NPO PRA* (or equivalent) produces a higher-risk outcome, the *Prescribed NPO* may consider it necessary to do so. In these cases, the *NPO* should utilise robust, independent data sources to confirm the significant donor is a legitimate person or operation – see the guidance in Section 17.4.2 of *the Handbook*.
111. Where a *Prescribed NPO* is receiving services from a regulated *TCSP* (as defined in Section 4.4.5 of *the Handbook*) and it is considered appropriate to do so, the *NPO* may choose to apply due diligence measures which are aligned with those set out in Sections 3 and 4 of *the Handbook*.
112. For the avoidance of doubt, there is no statutory or *Code of Practice* requirement to make the identities of any significant donors public, for example via a *Prescribed NPO's* annual financial statement.

### Guidance notes – Identifying significant donors

113. Where a significant donor is a natural person, a *Prescribed NPO* may demonstrate that it has taken reasonable measures to **identify** that person where it obtains the following information:
  - › Name
  - › Date of birth
  - › Country of birth
  - › Current residential address.
114. Where a significant donor is a legal person (such as a company) or a legal arrangement (such as a trust), a *Prescribed NPO* should obtain the following information:
  - › date of incorporation or establishment
  - › country of incorporation or establishment
  - › registered address
  - › names of the significant donor's controllers, e.g. board members or trustees
  - › names of the significant donor's owners, e.g. shareholders or partners of a partnership arrangement.
115. Information collected on significant Donors may be kept in a register, list, or similar format.
116. As noted above, it may be considered necessary to obtain additional identity information based on the outcome of the *NPO PRA* and the *NPO's* risk appetite statement (or equivalent documents). For example, a higher-risk rating might mean the *Prescribed NPO* requests further information from their significant donors.
117. Based on the outcome of the *NPO PRA* and the *NPO's* risk appetite statement (or equivalent documents), and where a significant donor is not a natural person, it may be considered necessary to understand the ownership structure of that significant donor and the persons who control it. For example, a *Prescribed NPO* may consider it necessary where a higher-risk rating is produced. In these situations, *Prescribed NPOs* should follow the guidance set out in the relevant sections of *the Handbook* listed below, in respect of identifying beneficial owners and controllers:
  - › Trusts – Section 4.4.1



- › Limited Partnerships – Section 4.4.3
- › Companies – 4.5.1
- › Foundations – 4.5.3
- › Partnerships – 4.5.5.

118. Where a significant donor makes regular payments to a *Prescribed NPO*, it is not necessary to obtain identity information every time a donation is received from that donor. In these cases, *Prescribed NPOs* should seek to re-confirm the donor’s identity information at least every two years. The re-confirmation should be undertaken sooner where it is known that there has been a change in the significant donor’s information, e.g. a natural person has changed residential address, or the Board of a corporate significant donor has changed.

## 17.5 Identification, screening and training of relevant volunteers, relevant employees, owners and controllers

### 17.5.1 Overview of section

119. *Prescribed NPOs* also have a specific legal requirement to maintain certain information on their *NPO Owners and Controllers*. This section sets out the statutory requirements and provides guidance on how *Prescribed NPOs* may demonstrate compliance with those requirements.
120. This section also provides guidance on how a *Prescribed NPO* might carry out due diligence on, and provide training to, certain volunteers and employees.
121. The presence of competent individuals, who are well-trained and have integrity, will assist *Prescribed NPOs* to maintain effective systems and controls to counter *terrorist financing*.
122. This section of *the Handbook* does not require *Prescribed NPOs* to carry out screening or training through mandatory *Code of Practice* requirements. Nor are there any statutory requirements in the *Prescribed NPO Order* for screening or training. Sections 17.5.3 and 17.5.4 are provided as guidance on best practice.

### 17.5.2 Identifying NPO owners and controllers

#### Statutory requirements (paraphrased wording)

123. *Article 4 of the Prescribed NPO Order requires a Prescribed NPO to keep records that are sufficient to identify:*
- › *any person who owns the NPO, or controls or directs the NPO’s activities, including as appropriate, a senior officer, board member, director or trustee and*
  - › *any other person who exercises, or has the right to exercise, significant influence or control over the activities of the NPO.*

#### Overview



124. As noted in the Glossary above, for the purposes of *the Handbook “NPO Owners and Controllers”* are those persons set out in Article 4(1)(a) and 4(1)(b) of the *Prescribed NPO Order*.
125. Examples of *NPO Owners* include, but are not limited to:
- › Shareholders and
  - › Partners of a partnership.
126. Depending on the legal form of a *Prescribed NPO*, it may not have any *NPO Owners*. An example would be a *NPO* established as a trust. *NPOs* established in such a way are not required to comply with that element of Article 4(1)(a) of the *Prescribed NPO Order*, nor apply any of the below measures in respect of *NPO Owners*.
127. *NPO Controllers* will include charity governors, board members, trustees and senior officers (or equivalent, whether or not they are remunerated).
128. It is important to emphasise that remuneration is irrelevant when considering if a person is an *NPO Controller*. The test is whether that person can exercise control over, or direct, the activities of the *Prescribed NPO*.
129. It is possible for an individual to be considered a *NPO Owner* or *NPO Controller* where they hold their ownership interest or exercise control through indirect means. For example:
- › where a *Prescribed NPO* is established as a company, an individual who holds shares in the *NPO* through an intermediate holding vehicle will be considered a *NPO Owner*
  - › an individual who does not sit on the governing body of the *NPO*, but in accordance with whose directions the governing body are nevertheless accustomed to act will be a *NPO Controller*.

## Code of Practice

130. Where a *Prescribed NPO* is a registered Jersey charity, they must maintain a fit and proper person declaration for each charity governor and declare it has done so to the Jersey Charity Commissioner at each annual return to that body.

## Guidance notes

131. A *Prescribed NPO* may demonstrate compliance with Article 4 of the *Prescribed NPO Order* where it obtains the following information from each *NPO Owner and Controller*:
- › Name
  - › Date of birth
  - › Place of birth
  - › Permanent residential address
  - › The capacity in which they are acting, e.g. a board member, shareholder etc.



132. Where any of the information set out above changes, e.g. the *NPO Owner or Controller* moves to a new permanent residence, the *Prescribed NPO* should update the information held in their records.
133. A *Prescribed NPO* may wish to consider requiring its *NPO Owners and Controllers* to make a periodic confirmation that the information held on file remains correct.

### 17.5.3 Screening of relevant volunteers, relevant employees and controllers

#### Overview

134. As noted in Section 17.5.1 above, this section is provided as guidance on best practice. There are no mandatory *Code of Practice* requirements set out in this section.
135. For the purposes of this section, the term “relevant employees” means an individual who is working under a contract of employment and undertakes one or more of the following as part of their role:
  - › Acts as a *NPO Controller*, and/or
  - › Is responsible for the disbursement, and/or raising, of *NPO Funds* outside of Jersey, Guernsey, the Isle of Man, England and Wales, or Scotland.
136. It includes temporary and contract employees, and the employee of any external party fulfilling a function in relation to a *Prescribed NPO* under an outsourcing agreement.
137. For the purposes of this section, the term “relevant volunteer” means an individual who carries out their duties for a *Prescribed NPO* on a voluntary, non-remunerated basis, and undertakes one or more of the following as part of their role:
  - › Acts as a *NPO Controller*, and/or
  - › Is responsible for the disbursement, and/or raising, of *NPO Funds* outside of Jersey, Guernsey, the Isle of Man, England and Wales, or Scotland.
138. Examples of roles where an individual is responsible for the disbursement, and/or raising, of *NPO Funds* may include:
  - › researching and recommending regions, or *NPO Beneficiaries*, where *NPO Funds* should be disbursed
  - › approving and/or executing a transaction which disburses *NPO Funds* to outside of Jersey, Guernsey, the Isle of Man, England and Wales, or Scotland, whether electronically or through the handing over of cash in the field.
139. It is expected that the terms “relevant employee” and “relevant volunteer” will, between them, capture all *NPO Controllers*.
140. *NPO Owners* are not subject to the requirements set out below.

#### Guidance notes

141. A *Prescribed NPO* may wish to screen their *NPO Controllers* against:
  - › the [UK](#) and [Jersey](#) lists of proscribed terrorist organisations



- › the [OFSI Consolidated sanctions](#) list and the [UK sanctions list](#).
142. A *Prescribed NPO* may undertake screening in respect of sanctions through several different methods. These should be tailored so they are appropriate to its size and complexity. Examples may include:
- › a *Prescribed NPO* which is receiving services from a regulated *TCSP* (as defined in Section 4.4.5 of *the Handbook*) might utilise a screening program developed by a professional due diligence firm to which the service provider already has access
  - › if checks which are substantively the same as those described at paragraph 141 above have recently been carried out by the *Prescribed NPO's* service provider in compliance with their requirements at Section 9.2 of *the Handbook*, it is not necessary for the service provider to repeat them
  - › where a *Prescribed NPO* is small and individuals participate on a part-time/voluntary basis, the checks may be carried out by a person directly accessing the above-referenced lists and searching for the required names via the "Find" function of their internet browser.
143. In addition to completing the checks listed at paragraph 141 above, a *Prescribed NPO* may demonstrate that its relevant volunteers and relevant employees are screened where it does one or more of the following, as appropriate for the nature of the relevant volunteer or relevant employee's role and responsibilities, and on a risk-based approach:
- › obtains and confirms references provided
  - › obtains and confirms employment history and qualifications disclosed
  - › obtains details of any regulatory action taken against the individual (or absence of such action)
  - › obtains and confirms details of any criminal convictions (or absence of such convictions).
144. Enquiries into an individual's criminal past are required to be subject to the [Rehabilitation of Offenders \(Jersey\) Law 2001](#), which prevents *supervised persons* from requesting information from its directors, senior managers and other employees (and prospective directors, senior managers and other employees) about convictions that are "spent", except where provided for by the [Rehabilitation of Offenders \(Exceptions\) \(Jersey\) Regulations 2002](#).
145. A *Prescribed NPO* may also wish to consider requiring its relevant employees, relevant volunteers and all *NPO Controllers* to make a signed confirmation that they are not, nor have ever been, members of a proscribed terrorist organisation.
146. It may also be appropriate for any contract or agreement issued to a relevant volunteer, relevant employee or *NPO Controller* to include a clause stating that non-compliance with policies and procedures, or evidence the person may have been involved in *terrorist financing*, will lead to disciplinary processes.

#### **17.5.4 Training and awareness of relevant volunteers, relevant employees and controllers**



#### 17.5.4.1 Promoting awareness and providing training

##### Guidance notes

147. As noted in Section 17.5.1 above, this section is provided as guidance on best practice. There are no mandatory *Code of Practice* requirements set out in this section.
148. Where a *Prescribed NPO* decides to provide training to its relevant volunteers and relevant employees (which should include all *NPO Controllers*), such training should cover:
- › the specific *terrorist financing* risks to which the *Prescribed NPO* may be exposed, and
  - › how it might be abused for *terrorist financing* purposes.
149. The overall objective of the training delivered should be to promote an anti-*diversion* culture within the *Prescribed NPO*.
150. When designing the training, the *Prescribed NPO* should ensure it is relevant to any *NPO PRA*, *Diversion* risk register and risk appetite statement (or their equivalents) which they have prepared. It should also be tailored so it is specific to the person(s) receiving the training.
151. The training may include guidance on specific red flags and risk indicators which are relevant to the *Prescribed NPO's* programme of activity. They may include, but are not limited to:
- › anomalies in the *NPO* programme delivery, e.g. unusual events, or meetings/ relationships which are not expected
  - › transactions with unexpected parties, where the transactions do not make sense
  - › behaviours that indicate a party may be sympathising with a terrorist organisation or having extremist/radicalised views
  - › high turnover of staff in an *associate NPO* or the *Prescribed NPO* itself
  - › non-compliance with procedures by *NPO* staff, or frequent management overrides
  - › the ability of an *associate NPO* to gain access to an area when other *associate NPOs*/non-governmental organisations cannot do so
  - › failure of *associate NPOs*, *NPO Beneficiaries* or their representatives to comply in a timely manner with reasonable requests for information or documentation
  - › incomplete records of donation delivery by *NPO* staff or *associate NPOs*
  - › *NPO* branded donation items appear in local markets
  - › vague records of expenses without additional specification in accounts and supporting documentation, e.g. references to “logistics”, “security”, “miscellaneous”.
152. The training may also include reference to the *JFSC's* whistleblowing line – see our [website](#) for more information.
153. Materials which may be useful in the delivery of training may include:
- › publications by academics and the Government of Jersey, such as the *NPO NRA*
  - › guidance documents regarding *terrorist financing* and sanctions published by *JFSC*



- › [Additional information sources](#) attached as Appendices to *the Handbook*.
154. Examples of the different types of training which may be delivered to relevant volunteers and relevant employees include:
- › A *Prescribed NPO* is designing training for a relevant volunteer who will travel to a region of a higher-risk jurisdiction with significant levels of local government corruption and lawlessness. The relevant volunteer will be responsible for handing out *NPO Funds* to be used in the local area, in collaboration with some *associate NPOs*. The *NPO* considers that it is important for the training to cover specific warning signs when physically working with *associate NPOs* in the region and what to do if unusual events occur such as meetings or relationships which are not expected
  - › A *Prescribed NPO* raises *NPO Funds* in Jersey and disburses them to a small *associate NPOs* which helps disadvantaged young people abroad. The *NPO* considers that it is important for the relevant volunteers and relevant employees to be trained on general warning signs when working with *associate NPOs*, such as incomplete records of donation delivery.
155. It is important for training to be delivered at appropriate frequencies, for example:
- › induction training to be delivered within 10 working days of the commencement of employment (or its equivalent) and, if appropriate, where there is a material change in an individual's role and responsibilities.
  - › refresher training to be delivered on a regular basis. This may be annually, or at some other frequency deemed appropriate based on the *Prescribed NPO's NPO PRA* or equivalent document.

#### 17.5.4.2 Monitoring and maintaining awareness

##### Overview

156. As noted in Section 17.5.1 above, this section is provided as guidance on best practice. There are no mandatory *Code of Practice* requirements set out in this section.
157. As time passes, the level of awareness of *terrorist financing* risks can decrease. Having a framework in place to maintain a high level of awareness can keep a *Prescribed NPO's* defences against *Diversion* in good condition.
158. Where a *Prescribed NPO* delivers training to relevant volunteers and relevant employees (see Section 17.5.4.1 above), they should monitor and test their relevant volunteers' and relevant employees' (including all *NPO Controllers'*) level of awareness of *terrorist financing* risks.

##### Guidance notes

159. A *Prescribed NPO* may demonstrate that it monitors and tests their volunteers', employees' and *NPO Controllers'* level of awareness where it periodically tests the awareness of:
- › *terrorist financing* risks
  - › the *Prescribed NPO's* policies and procedures and
  - › relevant statutory obligations.
160. Where awareness is deemed to be insufficient, the *Prescribed NPO* should take action to remedy the situation as soon as practicable.



161. When a relevant volunteer's, relevant employee's, or *NPO Controller's* contract with a *Prescribed NPO* comes to an end, it may be appropriate for the *Prescribed NPO* to conduct an exit interview. The interview could seek feedback on any training and monitoring the person received and how it may be improved.
162. Factors which may influence whether a *Prescribed NPO* considers an exit interview to be necessary may include:
  - › the level of risk assessed in the *Prescribed NPO's NPO PRA* (or equivalent), e.g. if the *NPO PRA* generates a higher risk level, it may be appropriate for all relevant volunteers and relevant employees involved in that particular *NPO* programme of work to have an exit interview
  - › the level of *terrorist financing* risk which the individual's role involved.

## 17.6 Accounting for funds

### Statutory requirements (paraphrased wording)

163. *Article 2(1) of the Prescribed NPO Order requires a Prescribed NPO to prepare annually a financial statement for a period of not more than 12 months.*
164. *Article 2(2) states that the period referenced above:*
  - › *must begin on or before the date the NPO became a Prescribed NPO (e.g. if the NPO became a Prescribed NPO on 15 March 2023, the period must begin on or before 15 March 2023), but*
  - › *if the NPO has previously prepared and provided a financial statement under paragraph (1), the period must begin at the end of the period covered by its most recent financial statement.*
165. *Article 2(3) states that the financial statement must be in a form published or approved for the purpose by the JFSC.*
166. *Article 2(4) states that a Prescribed NPO must provide a financial statement prepared under paragraph (1) to the JFSC if required to do so by the JFSC.*
167. *Article 3 of the Prescribed NPO Order requires Prescribed NPOs to have in place appropriate accounting systems and controls to ensure that its funds are fully accounted for.*

### Codes of Practice

168. A *Prescribed NPO* must maintain accounting records that are sufficient to show and explain its transactions. The accounting records must:
  - › disclose with reasonable accuracy, at any time, the financial position of the *NPO* at that time and
  - › enable the *Prescribed NPO* to verify that funds have been received and spent in a manner consistent with the purpose and objectives of the *Prescribed NPO*.



## Guidance notes

169. A *Prescribed NPO* may demonstrate compliance with the *Code of Practice* set out above by regularly reconciling their transactions. The frequency of reconciliation may be determined by reference to the *NPO PRA* and the *NPO's* risk appetite statement (or equivalent documents). For example, if the assessment outcome is 'higher risk', the accounting records are likely to be reconciled more regularly. If the assessment outcome is 'lower risk', it may be more appropriate to reconcile less regularly.
170. The financial statements' level of complexity will depend on the nature and scale of a *Prescribed NPO's* operations, as well as their type. For example:
- › a small organisation with a relatively simple and low level of activity may consider it sufficient to prepare a statement of income and expenditure
  - › *NPOs* may be subject to other, at times more stringent, requirements depending on their type. For example, *NPOs* may be subject to the requirements of the Companies Law.
171. A *Prescribed NPO* may wish to consider presenting its financial statements for approval by its governing body, e.g. its trustees, board of directors etc. The governing body considers whether the financial statements represent a true and accurate reflection of the *Prescribed NPO's* financial position and record their decision on the same.

## 17.7 Record-keeping

### 17.7.1 Overview and general requirements

#### Overview

172. This section supplements the statutory provisions of the *Prescribed NPO Order* relevant to record-keeping with additional *Codes of Practice* and *Guidance notes* so that *Prescribed NPOs* may demonstrate compliance with the legal requirements. More general obligations on *Prescribed NPOs* to maintain records (such as those in other Jersey laws) are not addressed in this section. It should be noted, however, that such general obligations may extend the period for which records must be kept.
173. Record-keeping is essential to facilitate effective supervision by the *JFSC* and, where necessary, effective investigation by law enforcement. Good record-keeping helps a *Prescribed NPO* to demonstrate compliance with their statutory and *Code of Practice* requirements, as well as assisting law enforcement in tracing funds which may have been used to finance terrorism through the financial system.
174. Where the financial statements of a *Prescribed NPO* are audited, records also provide context for any opinion which may be issued on the financial statements by the *Prescribed NPO's* auditor.
175. Records can be kept in the following forms:
- › original documents
  - › copies of original documents (certified where appropriate)
  - › scanned copies or



- › computerised/electronic copies.

176. Where a *Prescribed NPO* is receiving services from a regulated *TCSP* (as defined in Section 4.4.5 of *the Handbook*) it is likely that record-keeping measures will already in place to meet the requirements of Section 10 of *the Handbook*. Where these measures substantively meet the requirements set out throughout Section 17.7, it is not necessary for the service provider to duplicate them.

### Statutory requirements (paraphrased wording)

177. *Article 4(2) of the Prescribed NPO Order requires Prescribed NPOs to retain records kept under Article 4(1) (owners, controllers etc) for at least 5 years.*
178. *Article 5(3) of the Prescribed NPO Order requires Prescribed NPOs to retain records kept under Article 5(1) (significant donors) for at least 5 years.*

### Codes of Practice

179. A *Prescribed NPO* must keep, for a period of at least five years, copies of their annual financial statements and the underlying accounting records.
180. A *Prescribed NPO* must keep, for a period of at least five years, copies of any:
- › *NPO PRAs*
  - › Risk appetite statements and
  - › *Diversion* risk registers,
- or equivalent documents which they have produced.
181. Where a *Prescribed NPO* delivers the training described in Section 17.5.4 of this Handbook to relevant volunteers and relevant employees, records of said training must be kept for a period of at least five years after the end of the calendar year in which the training was provided. The records must include the following information:
- › the dates on which training was provided
  - › the nature of the training provided
  - › names of relevant volunteers and/or relevant employees who received the training and
  - › records of testing subsequently carried out to measure volunteers and/or employee's understanding of the training provided, including pass rates and details of any action taken in cases of failure.
182. A *Prescribed NPO* must keep, for a period of at least five years, records of due diligence collected for their *NPO Beneficiaries* and *associate NPOs*, to include both **identity information** and **evidence** used to confirm that those persons are not involved in terrorist activities.
183. A *Prescribed NPO* must keep, for a period of at least five years, records of due diligence (i.e., the identity information) collected for their significant donors.



184. A *Prescribed NPO* must keep records of transactions undertaken, whether the transactions are done through the formal banking system or using a non-banking platform/method, for a period of at least five years from the date when the transaction was completed.

## 17.7.2 Access and retrieval of records

### Codes of Practice

185. A *Prescribed NPO* must keep documents, data or information obtained when establishing a *business relationship* in a way that facilitates on-going monitoring of the *NPO* programme.
186. All records kept by a *Prescribed NPO* must be readily accessible and retrievable by the *Prescribed NPO*. Unless otherwise specified, records relating to a relationship with a *NPO Beneficiary* or *associate NPO* must be accessible and retrievable **within five working days** (whether kept in or outside of Jersey), or such longer period as agreed with the *JFSC*. Other records must be accessible and retrievable **within 10 working days** (whether kept in or outside of Jersey), or such longer period as agreed with the *JFSC*.
187. A *Prescribed NPO* must periodically review the condition of paper and electronic records and consider the adequacy of its record-keeping arrangements. The frequency of said reviews must be determined with reference to its *NPO PRA* (or equivalent).
188. A *Prescribed NPO* must periodically test procedures regarding access to and retrieval of its records. The frequency of said testing must be determined with reference to its *NPO PRA* (or equivalent).
189. Records must be maintained in a **readable format**. Where records are kept other than in readable form, they must be maintained such that they can be produced in readable form at a computer terminal in Jersey.
190. When original documents that would ordinarily have been destroyed are requested for investigation purposes, a *Prescribed NPO* must ascertain whether the documents have in fact been destroyed.
191. All documents (or parts thereof) held under the requirements of the *Prescribed NPO Order* and/or the *Codes of Practice* in Section 17.7 must be understandable (i.e. in a language understood by a relevant volunteer or relevant employee of the *Prescribed NPO*), and must be translated into English at the request of the *JFSC* or any other authority which by law has the power to request them.

## 17.7.3 External records

### Overview

192. Where records are kept by another person (whether they are part of the *Prescribed NPO's* group or otherwise), or kept outside Jersey, such as under an outsourcing or storage arrangement, this will present additional factors for a *Prescribed NPO* to consider. Regardless of the particular circumstances, the *Prescribed NPO* remains responsible for compliance with all record-keeping requirements.

### Code of Practice

193. A *Prescribed NPO* must not:



- › allow another person (group or otherwise) to keep records or
- › keep records outside Jersey,

where access and retrieval of records (by that person, the *JFSC* and/or law enforcement) is likely to be impeded by confidentiality or data protection restrictions.

## 17.7.4 Reorganisation or termination

### Overview

194. Record-keeping requirements persist and are unaffected where a *Prescribed NPO*:

- › merges with another organisation
- › continues as another organisation, e.g. changing from being incorporated under the laws of one jurisdiction to another
- › is taken over by another organisation
- › is subject to internal reorganisation, e.g. the *Prescribed NPO* changes its internal divisions and amends their scope/remit
- › terminates its activities
- › transfers responsibility for a portion of their *NPO Beneficiaries* or donors to another organisation or
- › transfers contracts or arrangements with *associate NPOs* to another organisation.

### Code of Practice

195. A *Prescribed NPO* that undergoes mergers, continuance, takeovers or internal reorganisations, must ensure that records remain readily accessible and retrievable for the required periods stated above. This extends to the rationalising of computer systems and storage arrangements.

196. Record-keeping arrangements must be agreed with the *JFSC* where a *Prescribed NPO*:

- › terminates its activities
- › transfers responsibility for a portion of their *NPO Beneficiaries*, or donors to another organisation or
- › transfers contracts or arrangements with *associate NPOs* to another organisation.