

## Key:

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

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

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
<u>Section heading</u>	Blue	<u>Relates to Prescribed NPOs only</u>
<u>Sub heading</u>	Grey	<u>Relates to Prescribed NPOs only</u>
<u>Statutory requirements</u>	Light blue	<u>Mandatory for Prescribed NPOs only</u>
<u>Codes of Practice</u>	Magenta	<u>Mandatory for Prescribed NPOs only</u>
<u>Guidance notes</u>	Green	<u>Guidance for Prescribed NPOs only</u>

Deleted: .

Deleted: 7

## GLOSSARY

Term	Definition
accountancy services	Has the meaning given in Section 16.1.1 of the AML/CFT Handbook/ <a href="#">CPF</a> .
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/ <a href="#">CPF</a>	Anti-money laundering/countering the financing of terrorism/ <a href="#">countering proliferation financing</a> .
AML/CFT/ <a href="#">CPF</a> programme	<a href="#">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.</a>
AML/CFT/ <a href="#">CPF</a> 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.
<a href="#">AML/CFT/CPF Handbook</a>	<a href="#">Handbook for the prevention and detection of money laundering, the countering of terrorist financing, and the countering of proliferation financing.</a> <a href="#">May also be referred to as “the Handbook” or “this Handbook”.</a>
<a href="#">associate NPO</a>	<a href="#">Has the meaning given in Article 6(2) of the Non-Profit Organisations (Prescribed NPOs – Additional Obligations) (Jersey) Order 2022 [the Prescribed NPO Order].</a> <a href="#">May also be referred to as “partners” by the NPO sector.</a>
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>

Deleted: .

Deleted: 1

Deleted: .

Deleted: .

**Deleted:** A programme against money laundering and terrorist 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 and terrorist financing

Deleted: .

Deleted: .

Deleted: .

Deleted: .

Deleted: .

Deleted:



Deleted: and

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	<a href="#">Countering proliferation financing</a>
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> ].
<a href="#">designated person</a>	<a href="#">Has the meaning given in Article 9 of the Sanctions and Asset-Freezing (Jersey) Law 2019 [<i>the Sanctions and Asset-Freezing Law</i>].</a>
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> .
<a href="#">Diversion</a>	<a href="#">Transactions by a non-profit organisation's [NPO] NPO Representatives or external parties such as associate NPOs that divert NPO 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.</a>
DNFBPs	Designated Non-Financial Businesses and Professions, as defined in the FATF glossary.
<a href="#">DPRK</a>	<a href="#">Democratic People's Republic of Korea</a>
EEA	European Economic Area.
E-ID	Electronic Identification.

Deleted:

Deleted: .

Deleted: .

Deleted: .

Deleted: .

Deleted: .

Deleted: Partners

Deleted: ge

Deleted: non-profit organisation's [

Deleted: ]

Deleted: .

Deleted: .

Deleted: DD MM YYYY



Deleted: and

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.  <u>Please note that a variation of this definition applies to Section 17 (Prescribed NPOs), using the term “relevant employees”.</u>
Enhanced customer due diligence (measures) or enhanced CDD measures	Has the meaning given in Article 1 of the Money Laundering (Jersey) Order 2008 [the <i>Money Laundering Order</i> ].
enhanced risk state	Has the meaning given in Article 15(1)(c) of the Money Laundering (Jersey) Order 2008 [the <i>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 [the <i>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 [the <i>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 [the <i>Proceeds of Crime Law</i> ].
<u>Facilitator</u>	<u>An active supporter of a terrorist, terrorist cell or terrorist organisation, e.g. a terrorist financier, a regulated and registered professional or a recruiter.</u>
FATF	The Financial Action Task Force.
FATF Recommendations	The <i>FATF Recommendations</i> 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 [the <i>Money Laundering Order</i> ].
Financial Institutions	As defined in the <i>FATF glossary</i> .
financial services business	Has the meaning in Article 36 of the Proceeds of Crime (Jersey) Law 1999 [the <i>Proceeds of Crime Law</i> ].
<u>financing of proliferation</u>	<u>For the purposes of this Handbook, this term means: Conduct which creates the risk of non-implementation, breaching, circumvention, or evasion of the Targeted financial sanctions related to proliferation of weapons of mass destruction and its financing, effective in Jersey</u>

Deleted: .

Deleted: .

Deleted: (c)

Deleted: .

Deleted: .

Deleted: .

Deleted: .

Deleted: .

Deleted: .

Deleted: DD MM YYYY



Deleted: and

Term	Definition
	<u>Persons involved in the financing of proliferation are sometimes described as <i>proliferators</i> or <i>proliferation financiers</i>.</u>
financing of terrorism	<p><u>For the purposes of this Handbook, means:</u></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	<u>Foundations (Jersey) Law 2009.</u>
FSIU	<u>Financial Sanctions Implementation Unit, part of Jersey's Ministry of External Relations.</u>
FS(J) Law	<u>Financial Services (Jersey) Law 1998.</u>
FSRB	FATF Style Regional Body.
Guidance notes	<u>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.</u>
Hawala	<u>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.</u>
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> , <i>the financing of terrorism</i> , and <i>the financing of proliferation</i> , using reliable and independent third party sources.
IAIS	International Association of Insurance Supervisors.
IB(J) Law	<u>Insurance Business (Jersey) Law 1996.</u>
ICC	<u>Incorporated cell company.</u>
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> .

Deleted: ;

Deleted: ;

Deleted: ;

Deleted: .

Deleted: n

Deleted: p

Deleted: AML/CFTthe Handbook

Deleted: .

Deleted: and

Deleted: .

Deleted: i

Deleted: .

Deleted: DD MM YYYY



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>
<a href="#">limited liability company</a>	<a href="#">Has the meaning given in Article 1(1) of the Money Laundering (Jersey) Order 2008 [the <i>Money Laundering Order</i>].</a>
LPP	Legal professional privilege. This term covers both advice privilege and litigation privilege (see Section 15.7.1).
<a href="#">(the) Minister</a>	<a href="#">Unless otherwise specified, means the Minister for External Relations and Financial Services.</a>
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.

Deleted: and

Deleted: .

Deleted: .

Deleted: “

Deleted: .

Deleted: .

Deleted: .

Deleted: DD MM YYYY



Deleted: and

Term	Definition
money laundering	For the purposes of this Handbook, means: <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> Persons involved in <i>money laundering</i> are sometimes described as <i>money launderers</i> .
Money Laundering Order	<a href="#">Money Laundering (Jersey) Order 2008</a> .
NPO	<a href="#">Non-profit organisations – defined under Article 1 of the Non-Profit Organizations (Jersey) Law 2008 [the NPO Law]. The definitions extend to both Regulated NPOs and Registered NPOs. The sector, including all NPOs may also be referred to as the non-profit sector.</a>
NPO Beneficiaries	<a href="#">Natural persons or groups of natural persons who receive humanitarian, charitable or other types of assistance through the services of a non-profit organisation [NPO].</a>
NPO Funds	<a href="#">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.</a>
NPO Law	<a href="#">Non-Profit Organizations (Jersey) Law 2008.</a>
NPO Owners and/or Controllers	<a href="#">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].</a>
NPO Representative	<a href="#">Referring to a Board member (or its equivalent), an employee, volunteer or another individual acting in an official capacity representing the non-profit organisation [NPO], irrespective of whether that person is paid for their services or not.</a>
NPO Resources	Includes financial and non-financial non-profit organisation [NPO] 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> ]): <ol style="list-style-type: none"> <li>(a) A domestic politically exposed person;</li> </ol>

Deleted: ;

Deleted: ;

Deleted: .

Deleted: are

Deleted: (

Deleted: )

Deleted: .

Deleted: NPO Partner

Deleted: .

Deleted: .

Deleted: DD MM YYYY



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 customer on behalf of more than one third party.
Prescribed NPO	<u>Has the meaning given in Article 1 of the Non-Profit Organisations (Prescribed NPOs – Additional Obligations) (Jersey) Order 2022 [the Prescribed NPO Order].</u> <u>The sub-set of NPOs which present a higher risk of being abused for terrorist financing purposes.</u>
Prescribed NPO Order	<u>Non-Profit Organisations (Prescribed NPOs – Additional Obligations) (Jersey) Order 2022.</u>
Proscribed terrorist organisation	<u>Individuals or organisations that are placed on national and international lists of actors known to be engaged in terrorist activities</u> <u>Jersey's proscribed terrorist organisation list may be accessed via the JFSC's Sanctions designations lists webpage.</u> <u>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.</u>
Proceeds of Crime Law	<u>Proceeds of Crime (Jersey) Law 1999.</u>
proliferation financing	<u>Refer to the definition of financing of proliferation.</u>
PTC	Private Trust Company - has the meaning set out in Paragraphs 4 and 4A of the Schedule to the <u>Financial Services (Trust Company Business (Exemptions)) Jersey Order 2000.</u>
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 EU-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>

Deleted: and

Deleted: .

Deleted: .

Deleted: .

Deleted: As defined under

Deleted: of the Non-Profit Organizations (Jersey) Law 2008 [the NPO Law...

Deleted: ,

Deleted: being t

Deleted: abuse

Deleted: .

Deleted: .

Deleted: here: [Sanctions by person — Jersey Financial Services Commission...](#)

Deleted: .

Deleted: NPO Resources

Deleted: .

Deleted: .

Deleted: Regulated NPO

Deleted: .

Deleted: .

Deleted: DD MM YYYY



Deleted: and

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> .
<u>relevant financial institution</u>	<u>Has the meaning given in Article 1 of the Sanctions and Asset-Freezing (Jersey) Law 2019 [the <i>Sanctions and Asset-Freezing Law</i>].</u>
relevant person	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.  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.  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.
<u>sanctioned country or territory</u>	<u>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 Appendix D2 of this Handbook for current list of sanctioned countries and territories).</u>
<u>sanctioned person</u>	<u>Means a person or entity listed on the sanctions designations lists under the Jersey sanctions regime.</u>
<u>Sanctions and Asset-Freezing Law</u>	<u>Sanctions and Asset-Freezing (Jersey) Law 2019</u>
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</i> 's <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> ].

Deleted: .

Deleted: .

Deleted: h

Deleted: h

Deleted: .

Deleted: .

Deleted: .

Deleted: .

Deleted: .

Deleted: DD MM YYYY



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 are also classed as 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> .
<u>Sympathiser</u>	<i>An individual who is not actively engaged in terrorist acts but that supports individual terrorists, terrorist cells or terrorist organisations indirectly.</i>
systems and controls	A <i>supervised person’s</i> general framework to combat <i>money laundering, the financing of terrorism, and the financing of proliferation</i> .
<u>Targeted Financial Sanctions Measures</u>	<u>Targeted Financial Sanctions Measures include any measures made under:</u> <ul style="list-style-type: none"> <li>› <a href="#">The Sanctions and Asset-Freezing (Jersey) Law 2019</a></li> <li>› <a href="#">Any Regulations or Orders made under the enactment falling within the above law (e.g. the 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> ].

Deleted: and

Deleted: .

Deleted: .

Deleted: .

Deleted: .

Deleted: .

Deleted: .

Deleted: all of those

Deleted: .

Deleted: and

Deleted: .

Deleted: .

Deleted: DD MM YYYY



Deleted: and

Term	Definition
<a href="#">Terrorism and related terms</a>	<p><a href="#">“Terrorism”, “act of terrorism” and “terrorist entity” are defined in the Terrorism (Jersey) Law 2002 [the Terrorism Law].</a></p> <p><a href="#">“Terrorist activity” is defined in Article 18 of the Sanctions and Asset-Freezing (Jersey) Law 2019 [the Sanctions and Asset-Freezing Law].</a></p> <p><a href="#">For the purposes of this Handbook, Targeted financial sanctions related to terrorism and terrorist financing are those described on the JFSC’s website.</a></p>
Terrorism Law	<a href="#">Terrorism (Jersey) Law 2002.</a>
terrorist financing	Refer to the definition of <i>financing of terrorism</i> .
<a href="#">TF Recruitment</a>	<a href="#">Active and passive processes through which terrorists, terrorist cells and terrorist organisations seek to enlist operational personnel, facilitated by a recruiter.</a>
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>
<a href="#">Transfer risk</a>	<p><a href="#">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. Examples of transfer risk materialising into <i>Diversion</i> are the risk of transferring Funds to terrorists directly or indirectly, for example by the NPO:</a></p> <ol style="list-style-type: none"> <li><a href="#">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.</a></li> <li><a href="#">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).</a></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 <u>S</u>ervice <u>P</u>roviders” or “<u>TCSPs</u>”.</p>
UN	The United Nations.
<a href="#">UNSC</a>	<a href="#">United Nations Security Council.</a>
unit	Has the meaning given in Article 1(1) of the Collective Investment Funds (Jersey) Law 1988 [the <i>CIF(J) Law</i> ].

Deleted: Terrorist

Deleted: Terrorist(s)

Deleted: .

Deleted: Terrorist Sanctions Measures

Deleted: .

Deleted:

Deleted: Partner

Deleted: s

Deleted: p

Deleted: .

Deleted:

Deleted: DD MM YYYY

Handbook for the prevention and detection of money laundering, ~~the countering of terrorist financing,~~  
~~and the countering of proliferation financing~~



Deleted: and

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

Deleted: DD MM YYYY

## 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
<u>Section heading</u>	Blue	<u>Relates to Prescribed NPOs only</u>
<u>Sub heading</u>	Grey	<u>Relates to Prescribed NPOs only</u>
<u>Statutory requirements</u>	Light blue	<u>Mandatory for Prescribed NPOs only</u>
<u>Codes of Practice</u>	Magenta	<u>Mandatory for Prescribed NPOs only</u>
<u>Guidance notes</u>	Green	<u>Guidance for Prescribed NPOs only</u>



## 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.

Deleted: and

Moved (insertion) [9]

Deleted: are considered to be

Deleted: ¶

Deleted: Only a

Deleted: Prescribed sub-sector of Non-Profit Organisations (...)

Deleted: is

Deleted: NPOs

Deleted: ve

Deleted: They are defined as Prescribed NPOs through the (...)

Deleted: states

Deleted: f

Deleted: f

Deleted: <#>¶

Deleted: <#>best

Deleted: <#>might be

Deleted: <#>is

Deleted: Among other things,

Deleted: (please note the below points are paraphrased (...)

Deleted: register with the *JFSC*¶

Deleted: its

Deleted: f

Deleted: maintain information on their purpose, objectives (...)

Deleted: o

Deleted: c

Deleted: maintain information on the identity of the person (...)

Deleted: issue annual financial statements that provide (...)

Moved (insertion) [5]

Deleted: b

Deleted: have appropriate controls in place to ensure that a (...)

Deleted: ¶

Moved up [9]: <#>This section replicates the statutory

Deleted: <#>p

Deleted: <#>N

Deleted: <#>p

Deleted: ,

Deleted: is

Deleted: ¶

Deleted: Unless otherwise stated,

Deleted: is

Deleted: business

Deleted: b

Deleted: one-off transactions

Deleted: N

Deleted: DD MM YYYY



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

Deleted: and

Deleted: N

Deleted: achieved

Deleted: Codes of Practice

Moved up [5]: <#>Prescribed NPOs are considered to be supervised persons under Article 1 of the Supervisory Bodies Law and are therefore subject to supervision by the JFSC for compliance with the Prescribed NPO Order.¶

Deleted: <#>¶

Deleted: <#>This section sets out Codes of Practice and guidance which will assist Prescribed NPOs in demonstrating compliance with the Prescribed NPO Order.¶ Unless otherwise stated, the AML/CFT Codes of Practice set out in Sections 2-16 of this Handbook do not apply to Prescribed NPOs.

Deleted: s

Deleted: TF

Deleted:

Deleted: tend

Deleted: and

Deleted: b

Moved (insertion) [4]

Deleted: is

Deleted: d

Deleted: d

Deleted: b

Deleted: goods or

Deleted: f

Deleted: the

Deleted: 's

Deleted: r

Deleted: goods or

Deleted: f

Deleted: a

Deleted: n

Deleted: is

Deleted: TF

Deleted: <#>being over-sensitive to cost, focusing on the driver of assisting more beneficiaries, at the cost of investing adequately in support functions, commensurate to the risk exposure ¶

Deleted: <#>b

Deleted: <#>being action-focused at the expense of poor

Deleted: displaying characteristics of having

Deleted: risk maturity

Deleted: TF

Deleted: DD MM YYYY



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:
  - o the activities of each associate NPO and NPO Beneficiary, and
  - o 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.

Deleted: and

Deleted: n

Deleted: ing

Deleted: the shifting of risk to another person or entity, generally via contractual means

Deleted: Local

Deleted: Partners

Deleted: downstream funding and sub-contracting also carries risks, especially where proper

Deleted: is not conducted

Deleted: ould

Deleted: actually increase

Deleted: Partners

Deleted: themselves

Deleted: More likely, they simply may not have the high standards of terrorist financing controls expected of a Jersey NPO

Deleted: m

Deleted: Transfer risk is therefore a potential weak point, and NPOs need to be aware that c

Deleted: Partner

Deleted: ¶ taking the view that if no incidents are reported, the risk of terrorist financing abuse is non-existent or that the diverted value is small. It is one matter to detect the risk, another to recognise that actual diversion is a real risk where proximity, capability and value to the terrorist organisation, cell or individual terrorist is factually present. It is also worth reflecting that even when utilising small amounts, a bad actor can cause great harm.

Deleted: is

Deleted: ;

Deleted: ;

Deleted: ; and

Moved up [4]: <#>Diversion is the principal way in which NPOs may be abused for terrorist financing. Diversion risk may increase where a NPO is:¶

Deleted: <#>B

Deleted: <#>A

Deleted: X

Deleted: have appropriate controls in place to ensure that all (...)

Deleted: .

Deleted: b

Deleted: beneficiary and¶

Deleted: the nature and purpose of its relationship

Deleted: b

Deleted: b

Deleted: p

Deleted: p

Deleted: DD MM YYYY



### 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

Deleted: and

Deleted: P

Deleted: R

Deleted: A

Deleted: , or becoming likely to assist or being used to assist terrorism or the financing of terrorism.

Deleted: terrorist financing d

Deleted: R

Deleted: A

Deleted: S

Deleted: terrorist financing

Deleted: d

Deleted: , such as

Deleted: the risks of

Deleted: B

Deleted: b

Deleted: whether or not

Deleted: For every Prescribed NPO's programme of activity, a separate r...

Deleted: P

Deleted: R

Deleted: A

Deleted: isk assessment

Deleted: is expected to

Deleted: NPO Programme Risk Assessment (

Deleted: )

Deleted: at a later date

Deleted: ,

Deleted: and

Deleted: north-west India

Deleted: DD MM YYYY



- › 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

Deleted: and

Deleted: Indonesia

Deleted: Romania

Deleted: reviewed at least annually

Deleted: or

Deleted: P

Deleted: ;

Deleted: :

Deleted: J

Deleted: P

Deleted: O

Deleted: O

Deleted: L

Deleted: C

Deleted: it

Deleted: NPO Partners

Deleted: J

Deleted: Partners

Deleted: C

Deleted: D

Deleted: DD MM YYYY



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.

Deleted: and

Deleted: ...eing 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.

Deleted: (including those

Deleted: )

Deleted: , as well as the wider picture (and...isk should also be considered on a cumulative risk...asis)... should be considered

Deleted: .

Deleted: ...ist can be downloaded from the JFSC website

Field Code Changed

Deleted: Prescribed ...PO may wish to make additions amendments to the checklist to take into ...ccount for the specific risks relevant to the particular NPO programme

Deleted: In order to

Deleted: A

Deleted: R...sk aA...petite sS...atement. This statement

Deleted: should

Deleted: TF...risk the Prescribed NPO is willing

Deleted: R...sk aA...petite sS

Deleted: It would be expected to

Deleted: and

Deleted: Partners

Deleted: , but...Tt...ere may be other placesareas...where the NPOit...

Deleted: .

Deleted: .

Deleted: Partners

Deleted: its

Deleted: ,

Deleted: Partner

Deleted: in order to engage with them

Deleted: set out

Deleted: does

Deleted: during ...n an active warfare

Deleted: DD MM YYYY



Deleted: and

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.

Deleted: a

Deleted: R

Deleted: A

Deleted: S

Deleted: event or

Deleted: is possible that

Deleted: should

Deleted: R

Deleted: A

Deleted: S

Deleted: would be

Deleted: trust and company service provider

Deleted: is

Deleted: trust and company service provider

Deleted: R

Deleted: A

Deleted: S

Deleted: is

Deleted: trust and company service provider

Deleted: own

Deleted: is

Deleted:

Deleted: Christian

Deleted: -centred

Deleted: Christian

Deleted:

Deleted: the United States

Deleted: and

Deleted: medical

Deleted: d

Deleted: in Switzerland

Deleted: operating in this manner

Deleted:

Deleted: being

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 JCSP (as defined in Section 4.4.5 of the Handbook), it may be appropriate for the regulated JCSP 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 JCSP may also consider it appropriate to integrate any periodic testing of the Prescribed NPO's systems and controls into the testing undertaken for their JCSP 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

Deleted: <#>how has the Prescribed NPO concluded that the country is an equivalent jurisdiction (see Sections 1.8.2 and 1.8.3 and Appendix B of this Handbook for further guidance)?¶

Deleted: <#>terrorist financing di

Deleted: US-based

Deleted: (the Charity)

Deleted: e

Deleted: DD MM YYYY



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 Diversion. 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:

Deleted: and

Deleted: , including Pakistan and Afghanistan

Deleted: f

Deleted: C

Deleted: –

Deleted: C

Deleted: f

Deleted: C

Deleted: C

Deleted: h

Deleted: and

Deleted: y

Deleted: C

Deleted: in this area

Deleted: and

Deleted: ing they

Deleted: US Internal Revenue Service and the Attorney General of the relevant state...

Deleted: C

Deleted: terrorist financing d

Deleted: y

Deleted: f

Deleted: C

Deleted: C

Deleted: n

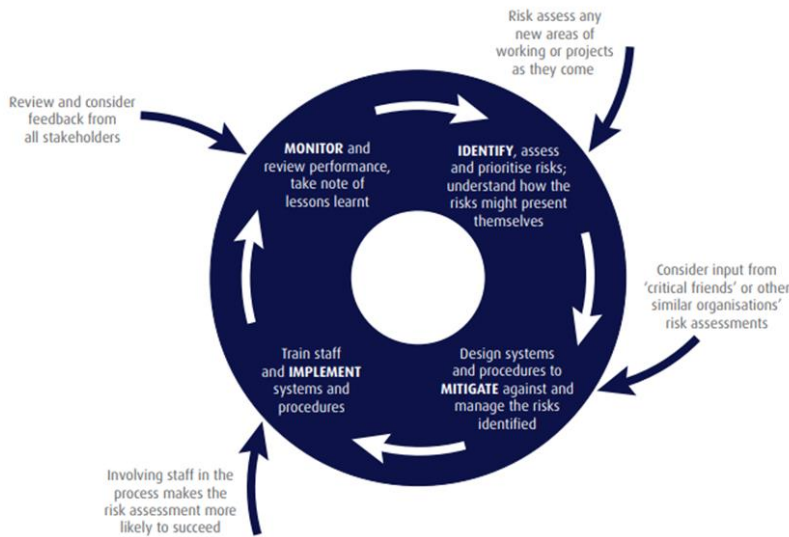
Deleted: P

Deleted: DD MM YYYY



Deleted: and

## The risk assessment cycle



47. A Prescribed NPO may demonstrate that terrorist financing risks are being monitored on an on-going 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](#).

- Deleted: regularly
- Deleted: to treat the identified
- Moved (insertion) [1]
- Deleted:
- Deleted: monitoring process
- Deleted: keeping the relevant records in the
- Deleted: Terrorist Financing
- Deleted: R
- Deleted: R
- Deleted: (Risk Register)
- Deleted: Risk Register
- Deleted: and modified from the JFSC
- Deleted: DD MM YYYY



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

Deleted: and

Deleted: R

Deleted: A

Deleted: S

Deleted: Risk Register

Deleted: Risk Register

Deleted: R

Deleted: A

Deleted: S

Deleted:

Deleted: may need to be transferred to another party.

Moved (insertion) [2]

Deleted: Programme

Deleted: , e.g.

Deleted: A

Deleted: . The

Deleted: may involve having to hand over

Deleted: ir

Deleted: f

Deleted: to local militia in order to

Deleted: et

Deleted: th

Deleted: e displaced persons

Deleted: may

Deleted: is

Deleted: supplemented by interim reports, undertaken by applying a risk-based approach, and conducted at least annually. Depending on the identified level of exposure to terrorist financing risks, more frequent

Deleted: undertaken and

Deleted: ¶

Moved up [2]: <#>It is recommended that a periodic review of NPO's Programme risks is supplemented by interim reports, undertaken by applying a risk-based approach, and conducted at least annually. Depending on the identified level of exposure to terrorist financing risks, more frequent periodic reviews should be undertaken and documented. ¶

Moved up [1]: <#>A Prescribed NPO may demonstrate the risk monitoring process by keeping the relevant records in the Risk Register. An example of a Risk Register can be downloaded and

Deleted: <#>A Prescribed NPO may document their decision- (...)

Deleted: Partners

Deleted: D

Deleted: Statutory requirements (paraphrased wording)¶ (...)

Deleted: b

Deleted: b

Deleted: b

Deleted: DD MM YYYY



› 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 JCSP (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).

Deleted: and

Deleted: b

Deleted: is

Deleted: business

Deleted: or carries out a one-off transaction

Deleted: ies

Deleted: in order t

Deleted: Instead

Deleted: r

Deleted: a

Deleted: s

Deleted: in order

Deleted: b

Deleted: is

Deleted: trust and company service provider

Deleted: is

Deleted: is

Deleted: N

Deleted: b

Deleted: DD MM YYYY



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)*.

Deleted: and

Deleted: ,

Deleted: N

Deleted: business relationship or one-off transaction

Deleted: b

Deleted: a business relationship or one-off transaction

Deleted: b

Deleted: a business relationship or one-off transaction

Deleted: business

Deleted: or one-off transaction

Deleted: Partners

Deleted: business

Deleted: or one-off transaction

Deleted: N

Deleted: Verifying identity of

Deleted: NPO B

Deleted: the identity of

Deleted: These

Deleted: b

Deleted: f

Deleted: and by

Deleted: ing

Deleted: to be

Deleted: previous business

Deleted: or one-off transactions

Deleted: NPO Partners

Deleted: business

Deleted: or one-off transaction

Deleted: verify the identity of

Deleted:

Deleted: However, t

Deleted: b

Deleted: DD MM YYYY



Deleted: and

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.

Deleted: f

Deleted: business

Deleted: or one-off transactions

Deleted: NPO Partners

74. Based on the assessed risk of the relationship with the *NPO Beneficiaries*, one or more of the above measures may be appropriate.

Deleted: business

Deleted:

Deleted: b

Deleted: or one-off transaction

Deleted: NPO Partners

### 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:
  - o the activities of each *associate NPO* and *NPO Beneficiary* and
  - o 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.

Deleted: b

Deleted: b

Deleted: b

Deleted: b

#### 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”.

Deleted: A

Deleted: NPO Partners are defined in the Glossary above. As noted, this term captures organisations which the *Prescribed NPO* collaborates with, along with other organisations such as suppliers, vendors, contractors and consultants.

77. An *associate NPO* might be based in Jersey, or they might be based in another jurisdiction.

Deleted: business

78. For the purposes of this Handbook, a *Prescribed NPO* establishes a relationship with its *associate NPOs*.

Deleted: NPO Partners

79. To comply with the *Prescribed NPO Order*, a *Prescribed NPO* will need to apply a level of due diligence to its *associate NPOs*.

Deleted: In order t

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.

Deleted: NPO Partners

Deleted: <#>NPO FS¶

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.

Deleted: R

Deleted: A

Deleted: S

Deleted: DD MM YYYY



82. Where a Prescribed NPO is receiving services from a regulated JCSP (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's 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.

Deleted: and

Deleted: trust and company service provider

Deleted: is

Deleted: is

Deleted: N

Deleted: NPO Partner

Deleted: a NPO Partner

Deleted: NPO Partner

Deleted: a NPO Partner

Deleted: the NPO Partner's

Deleted: c

Deleted: b

Deleted: R

Deleted: A

Deleted: S

Deleted: NPO Partner

Deleted: o

Deleted: N

Deleted: business

Deleted: or one-off transaction

Deleted: business

Deleted: or one-off transaction

Deleted: business

Deleted: or one-off transaction

Deleted: business

Deleted: or one-off transaction

Deleted: NPO Partner

Deleted: NPO Partner

Deleted: business

Deleted: or one-off transaction

Deleted: NPO Partner

Deleted: NPO Partner

Deleted: DD MM YYYY



**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.

Deleted: and

Deleted: N

Deleted: Verifying identity of Partners

Deleted: the identity of a NPO Partner

Deleted: NPO Partner

Deleted: trust and company service provider

Deleted: is

Deleted: is

Moved (insertion) [3]

Deleted: W

Deleted: so

Deleted: However

Deleted: However

Deleted: that

Deleted: are

Deleted: NPO Partner

Deleted: <#>obtaining employment history of directors/people in key management positions¶

Deleted: <#>NPO Partner

Deleted: NPO Partner

Deleted: DD MM YYYY



- › 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)

Deleted: and

Deleted: R

Deleted: a Partner

Deleted: NPO Partner’s

Deleted:

Deleted: NPO Partner

Deleted: d

Deleted: personal  
 Moved up [3]: When undertaking screening, it is important to remember that the connection to sanctioned/designated persons

Deleted: church

Deleted:

Deleted: Ghana

Deleted: f

Deleted: who is

Deleted: priest in the area. The priest

Deleted: is

Deleted: the

Deleted: f

Deleted: Jersey church

Deleted: priest

Deleted: him

Deleted: personal

Deleted: priest

Deleted: and

Deleted: church’s

Deleted: in

Deleted: order to

Deleted: business

Deleted: NPO Partner

Deleted: could

Deleted: CFT

Deleted: such as

Deleted: d

Deleted: associate NPO

Deleted: NPO Partner

Deleted: NPO Partner

Deleted: NPO Partner

Deleted: allowing

Deleted: to

Deleted: NPO Partner

Deleted: , say,

Deleted: and

Deleted: NPO Partner

Deleted: DD MM YYYY



Deleted: and

› 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 Djersion has taken place.

Deleted: d

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 Djersion to be mitigated without a partnership agreement, or CFT clauses, being in place.

Deleted: s

Deleted: terrorist financing d

### 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.

Deleted: N

Deleted: business

Deleted: or one-off transaction

Deleted: a

Deleted: NPO Partner

Deleted: ,

Deleted: a

Deleted: s

Deleted: and it will likely be inappropriate to u

Deleted: e

Deleted: full

Deleted: business

Deleted: NPO Partners

Deleted: X

Deleted: NPO partners

Deleted: business

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.

Deleted: business

Deleted: or one-off transaction

Deleted: NPO Partner

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.

Deleted: r

Deleted: a

Deleted: s

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.

Deleted: business

Deleted: or one-off transaction

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.

Deleted: DD MM YYYY



### 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 JCSP (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.

Deleted: and

Deleted: D

Moved down [6]: Overview¶

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 general public.¶ For the purposes of this Handbook, the relationship between a Prescribed NPO and its Donors is not considered to constitute a business relationship or one-off transaction.¶

Deleted: p

Moved (insertion) [6]

Deleted: general public

Deleted: is

Deleted: D

Deleted: ¶

Deleted: However, the

Deleted: take reasonable measures to document the identity of their significant Donors. A significant Donor is a natural person, legal person or legal arrangement

Deleted: :

Deleted: <#>who makes donations of at least £10,000 per year. The donations may be made as a single transaction, or through several linked transactions over the course of a 12-month period, or¶ whose contributions to the Prescribed NPO form such a large proportion of their overall donations that they would effectively be unable to function if the donor stopped making their contributions. In other words, a Donor who is crucial to the operation of the Prescribed NPO. Significant Donors of this kind may for example have assisted the Prescribed NPO through th (...

Deleted: <#>In order t

Deleted: <#>D

Deleted: r

Deleted: a

Deleted: s

Deleted: terrorist financing d

Deleted: l

Deleted: it

Deleted: be

Deleted: ed

Deleted: verify the identity information collected

Deleted: Guidance is provided below regarding how this may (...

Deleted: is

Deleted: trust and company service provider

Deleted: is

Deleted: is

Deleted: N

Deleted: s

Deleted: D

Deleted: D

Deleted: DD MM YYYY



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

Deleted: and

Deleted: <#>As noted above, verification is not necessary unless determined otherwise by the Prescribed NPO.¶

Deleted: <#>D

Deleted: D

Deleted: D

Deleted: r

Deleted: a

Deleted: st

Deleted: .

Deleted: r

Deleted: a

Deleted: s

Deleted: W

Deleted: D

Deleted: D

Deleted: b

Deleted: DD MM YYYY



### 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:

Deleted: and

Moved (insertion) [7]

Deleted: o

Deleted: c

Deleted: <#>The screening and training of volunteers, employees, owners and controllers is equally as important for Prescribed NPOs as it is for other types of supervised persons.¶

Deleted: <#>is essential for

Moved up [7]: Prescribed NPOs also have a specific legal requirement to maintain certain information on their owners and controllers.¶

Deleted: only

Deleted: Statutory requirements (paraphrased wording)¶ Article X of the Prescribed NPO Order requires a Prescribed NPO to maintain information on the identity of persons who own, control or direct their activities, including charity governors, board members, trustees and senior officers (or equivalent, whether or not they are remunerated).¶

Article X of the Prescribed NPO Order requires a Prescribed NPO to take reasonable measures to confirm the identity, credentials and good standing of beneficiaries and partners.¶

Article X of the Prescribed NPO Order requires a Prescribed NPO to take reasonable measures to document the identity of their significant donors.¶

Article X of the Prescribed NPO Order requires a Prescribed NPO to have appropriate controls in place to ensure that all funds are fully accounted for.¶

Deleted: F

Deleted: is

Deleted: ,

Deleted: o

Deleted: c

Deleted: X

Deleted: , who "own, control or direct [the Prescribed NPO's] activities"...

Deleted: o

Deleted: o

Deleted: n

Deleted: o

Deleted: c

Deleted: c

Deleted: is able to

Deleted: C

Deleted: DD MM YYYY



Deleted: and

- › 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.

Deleted: be considered to be

### 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:

Deleted: N

- › Name
- › Date of birth
- › Place of birth
- › Permanent residential address
- › The capacity in which they are acting, e.g. a board member, shareholder etc.

Deleted: X

Deleted: o

Deleted: c

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.

Deleted: o

Deleted: c

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.

Deleted: o

Deleted: c

## 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.

Deleted: only

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.

Deleted: c

Deleted: f

Deleted: DD MM YYYY



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.

Deleted: and

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:

Deleted: includes officers of a *Prescribed NPO* and is not limited to individuals working under a contract of employment.

› Acts as a *NPO Controller*, and/or

Deleted: person

› Is responsible for the disbursement, and/or raising, of *NPO Funds* outside of Jersey, Guernsey, the Isle of Man, England and Wales, or Scotland.

Deleted: y

Deleted: ng

Deleted: any

Deleted: c

Deleted: funds

138. Examples of roles where an individual is responsible for the disbursement, and/or raising, of *NPO Funds* may include:

Deleted: .

Deleted: A volunteer

Deleted: funds

› researching and recommending regions, or *NPO Beneficiaries*, where *NPO Funds* should be disbursed

Deleted: may carry out a range of activities, from acting as a board member

› 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.

Deleted: b

Deleted: funds

Deleted: to working

Deleted: funds

139. It is expected that the terms “*relevant* employee” and “*relevant* volunteer” will, between them, capture all *NPO Controllers*.

Deleted: overseas in the field.

140. *NPO Owners* are not subject to the requirements set out below.

Deleted: T

Deleted: also

Deleted: c

Deleted: o

### Guidance notes

141. A *Prescribed NPO* may wish to screen their *NPO Controllers* against:

**Deleted: Code of Practice**  
A *Prescribed NPO* must screen the competence and probity of its volunteers and employees at the time of recruitment and where there is a subsequent change in a volunteer or employee’s role. ¶ A *Prescribed NPO* must screen the competence and probity of its controllers at the time of recruitment and where there is a subsequent change in a controller’s role. ¶ Where a *Prescribed NPO* is a registered 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. ¶ In all cases, a *Prescribed NPO* must screen their volunteers, employees and controllers against: ¶ the [UK](#) and [Jersey](#) lists of proscribed terrorist organisations, ¶ the [OFSI Consolidated sanctions list](#) and the [UK sanctions list](#). ¶

› the UK and Jersey lists of proscribed terrorist organisations

Deleted: c

› the OFSI Consolidated sanctions list and the UK sanctions list.

Deleted: <#>With reference to the Code of Practice above, “at the time of recruitment” means when the *Prescribed NPO* has decided to engage an individual as a volunteer or employee. ¶

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:

Deleted: trust and company service provider

› a *Prescribed NPO* which is receiving services from a regulated *JCSP* (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

Deleted: is

› 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

Deleted: is

› 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.

Deleted: Paragraphs 96 and 97

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:

Deleted: ,

Deleted: and controllers

Deleted: ,

Deleted: or controller’s

Deleted: DD MM YYYY



Deleted: and

- › 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.

Deleted: c

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.

Deleted: c

Deleted: has

Deleted: may

## 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.

Deleted: Codes of Practice¶  
A *Prescribed NPO* must provide training in respect of: ¶  
the specific terrorist financing risks to which the *Prescribed NPO* may be exposed and¶  
how it might be abused for terrorist financing purposes.¶

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:

Deleted: N

- › the specific *terrorist financing* risks to which the *Prescribed NPO* may be exposed, and
- › how it might be abused for *terrorist financing* purposes.

Deleted: only

Deleted: c

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.

Deleted: their

Deleted: Risk Register

Deleted: R

Deleted: A

Deleted: S

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:

Deleted: DD MM YYYY



- › 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:

Deleted: and

Deleted: P

Deleted: or

Deleted: NPO Partner

Deleted: NPO Partner

Deleted: Partners

Deleted: NPO Partners

Deleted: NPO Partners

Deleted: (

Deleted: )

Deleted:

Deleted: f

Deleted: f

Deleted: in Ethiopia

Deleted: DD MM YYYY



- › 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.

Deleted: and

Deleted: should

Deleted: is

Deleted: when necessary, where there is a subsequent change in a person's role

Deleted: should

Deleted: is

Deleted: ,

Deleted: such as

Deleted: NPO

#### 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.

Deleted: only

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.

Deleted: d

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.

Deleted: c

##### 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:

Deleted: <#>¶  
Codes of Practice¶  
A Prescribed NPO must establish and maintain procedures to monitor and test their volunteers', employees' and controllers' level of awareness of terrorist financing risks.¶

Deleted: <#>N

Deleted: c

- › 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.

Deleted: possible

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.

Deleted: c

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

Deleted: DD MM YYYY



Deleted: and

### 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.

Deleted: x

Deleted: s

164. Article 2(2) states that the period referenced above:

Deleted: issue annual financial statements that provide detailed breakdowns of incomes and expenditures

> 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

Deleted: p

> 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.

Deleted: x

Deleted: appropriate controls

Deleted: all

Deleted: <#>¶

### Codes of Practice

168. A Prescribed NPO must maintain accounting records that are sufficient to show and explain its transactions. The accounting records must:

Deleted: <#>A Prescribed NPO must prepare financial statements in line with generally accepted accounting principles (GAAP) adopted in Jersey.¶

- > 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

Deleted: N

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.

Deleted: R

Deleted: A

Deleted: S

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.

Deleted: and a balance sheet

Deleted: a larger organisation which is

Deleted: may need to prepare more sophisticated financial statements in accordance with accounting standards such as UK GAAP or IFRS.

Deleted: board of

Deleted: should

Deleted: DD MM YYYY

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.



**Deleted:** and

## 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.

**Deleted:** <#>GAAP adopted in Jersey includes UK GAAP and other GAAPs prescribed by the Companies (Jersey) Law 1991 (Companies Law) within the Companies (GAAP) (Jersey) Order 2010. An NPO that follows the requirements of the Companies Law in respect of its accounts and accounting records is likely to be able to demonstrate compliance with this section. This is applicable whether the NPO is formed as a company or another legal arrangement.¶

When maintaining accounting records that are sufficient to show and explain transactions, Prescribed NPOs that regularly reconcile their transactions are likely to be able to demonstrate compliance with this section. The regularity of reconciliation may be determined by reference to the NPO PRA and the NPO's Risk Appetite Statement. 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, e.g. monthly.¶

**Deleted:** G

**Deleted:** g

**Deleted:** trust and company service provider

**Deleted:** is

**Deleted:** is

**Deleted:** X of the Prescribed NPO Order requires Prescribed NPOs to maintain, for a period of at least five years, records of domestic and international transactions that are sufficiently detailed to verify that funds have been received and spent in a manner consistent with the purpose and objectives of the Prescribed NPO

**Deleted:** X of the Prescribed NPO Order requires a Prescribed NPO to issue annual financial statements that provide detailed breakdowns of incomes and expenditures.

**Deleted:** <#>Article X of the Prescribed NPO Order requires a Prescribed NPO to maintain information on¶ the purpose and objectives of their stated activities and¶ the identity of the person(s) who control and direct their activities, including charity governors, board members, trustees and senior officers (or equivalents, whether or not they are remunerated).¶ Article X of the Prescribed NPO Order requires Prescribed NPOs to have appropriate controls in place to ensure that all funds are fully accounted for.¶

Article X of the Prescribed NPO Order requires a Prescribed NPO to take reasonable measures to confirm the identity, credentials and good standing of Beneficiaries and Partners¶

Article X of the Prescribed NPO Order requires a Prescribed NPO to take reasonable measures to document the identity of their significant Donors.¶

**Deleted:** DD MM YYYY



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.

Deleted: and

Deleted: their

Deleted: r

Deleted: a

Deleted: s

Deleted: .

Deleted: A

Deleted: must keep records of training delivered to

Deleted: ,

Deleted: and controllers

Deleted:

Deleted: NPO Partners

Deleted: verification of that information

Deleted: m

## 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).

Deleted: P

Deleted: business

Deleted: b

Deleted: or one-off transaction

Deleted: DD MM YYYY



Deleted: and

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).

Deleted: its records

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

Deleted: or

Deleted: DD MM YYYY



- › 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.

Deleted: and

Deleted: *NPO*

Deleted: *B*

Deleted: *D*

Deleted: .

Deleted:

Deleted: *or*

Deleted: *NPO*

Deleted: *B*

Deleted: *D*

Deleted: DD MM YYYY