



Jersey Financial
Services Commission

Consultation on changes to the reliance and money laundering compliance officer regimes

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1 Executive summary

- 1.1 We are consulting on proposed updates to certain sections of the Handbook for the prevention and detection of money laundering, the countering of terrorist financing, and the countering of proliferation financing (the Handbook) predominantly to reflect changes made to the Money Laundering Order (Jersey) 2008 (**MLO**) in April 2026. These changes aim to reduce compliance costs on industry in respect of the role of the Money Laundering Compliance Officer (**MLCO**) and the reliance regime, while still managing risk proportionately.
- 1.2 For the purposes of this consultation, the reliance regime refers to the framework under Articles 16 and 16A of the MLO, including the conditions under which a supervised person may rely on identification measures applied by an obliged person (or external person in respect of group reliance), and the associated Codes of Practice and guidance.
- 1.3 Our intention is to simplify and modernise the requirements to introduce greater flexibility and reduce unnecessary operational burdens. Specifically, we are proposing targeted amendments to the Codes of Practice and related guidance to:
 - 1.3.1 allow supervised persons not to appoint an MLCO in scenarios where it is appropriate with reference to their size and risk
 - 1.3.2 provide flexibility by allowing the decoupling of the MLCO's responsibility and operational compliance monitoring functions, including allowing support arrangements
 - 1.3.3 enable practical reliance by providing a risk-based approach in line with recent changes to the MLO, in particular the removal of the mandatory testing requirements
- 1.4 These proposals form part of the wider Financial Services Competitiveness Programme. We continue to work closely with the Government of Jersey (**GoJ**) and industry to identify opportunities to improve the effectiveness and proportionality of the current frameworks while maintaining alignment with international standards. Our aim is to embed a risk-based and proportionate approach.

2 Consultation

2.1 Basis for consultation

- 2.1.1 The JFSC is a statutory body corporate established under the Financial Services Commission (Jersey) Law 1998 (the Commission Law). It is responsible for the supervision and development of financial services provided in or from within Jersey.
- 2.1.2 We have issued this consultation paper in accordance with Article 8(3) of the Commission Law, as amended, under which the JFSC "may, in connection with the carrying out of its functions ...consult and seek the advice of such persons or bodies whether inside or outside Jersey as it considers appropriate".

2.2 Background

- 2.2.1 The proposals set out in this consultation form part of Workstream 2 of the Financial Services Competitiveness Programme, a joint initiative of the Government of Jersey, the JFSC and Jersey Finance.
- 2.2.2 Through extensive engagement with industry, Workstream 2 identified opportunities to reduce unnecessary friction within Jersey's regulatory framework while maintaining effective safeguards against financial crime. In particular, the operation of the reliance regime and aspects of the MLCO framework were identified as areas

where greater flexibility and a more proportionate approach could improve efficiency and support the ease of doing business in Jersey.

- 2.2.3 Building on this work, the Government of Jersey consulted on proposed amendments to the MLO. Following that consultation, amendments were made to the MLO in April 2026, including changes to the reliance provisions and the removal of mandatory testing requirements (effective from 31 October 2026), and revisions to aspects of the MLCO framework (some of which came into force on 30 June 2026, with the remainder taking effect on 31 October 2026). Together, these changes reflect a broader shift towards a more risk-based and outcomes-focused approach to compliance and customer due diligence.
- 2.2.4 Since the legislative changes were confirmed, we have undertaken a programme of work to review the consequential amendments required across the Codes of Practice and to develop supporting guidance for industry on the practical application of the new framework.
- 2.2.5 This consultation therefore:
- 2.2.5.1 sets out the proposed amendments to the Codes of Practice and guidance
 - 2.2.5.2 provides clarity on the operation of the revised reliance framework and reflects the revised MLCO requirements
 - 2.2.5.3 seeks feedback from industry stakeholders on these proposals

2.3 Have your say

- 2.3.1 We invite feedback on this consultation paper by **5:00pm on 18 August 2026**.
- 2.3.2 A [response form](#) has been published alongside this consultation. For each question, respondents should use the free-text box to provide comments and, where relevant, indicate their level of support by selecting one of the following options:
- › support
 - › support with concerns
 - › do not support
- 2.3.3 Responses should be submitted using the [consultation response form](#).
- 2.3.4 If a response is submitted by an industry body or trade association, we ask that the respondent also provide a brief description of the type of individuals or institutions it represents.
- 2.3.5 Any queries relating to this consultation should be directed to policy@jerseyfsc.org

2.4 What next?

- 2.4.1 Following the consultation:
- 2.4.1.1 responses will be carefully reviewed and assessed
 - 2.4.1.2 adjustments will be considered where appropriate
 - 2.4.1.3 a final Handbook update will be published
- 2.4.2 We will provide sufficient notice ahead of implementing changes to enable stakeholders to prepare accordingly.

3 Proposals - MLCO framework

3.1 Context

- 3.1.1 In line with the amendments made to Article 7 of the MLO, we are proposing amendments to Sections 1.4.2 and 2.6 of the Handbook. The proposed changes are included as [Appendix 1](#) and [Appendix 2](#) to this paper.
- 3.1.2 The proposed changes will provide supervised persons with greater flexibility and clarify that, based on size and risk, certain supervised persons are not required to appoint an MLCO, while still being subject to anti-money laundering obligations.
- 3.1.3 To align with the MLO, some amendments have already been made to the MLCO regime and came into effect on 30 June 2026. More details on this are available here: [Updated AML/CFT/CPF Handbook and upcoming changes — Jersey Financial Services Commission](#)

3.2 Proposed changes

- 3.2.1 To give effect to these changes, we propose making changes to section 2.6 in Chapter 2 of the Handbook.

Decoupling responsibility and function

- 3.2.2 An MLCO is responsible for monitoring a Supervised Person's compliance with legislation and regulation relating to money laundering, the financing of terrorism, and the financing of proliferation.
- 3.2.3 The MLO amendments outline that whilst the MLCO remains responsible for monitoring compliance, they may be supported by another person in the performance of the monitoring activities. We have already made an update to COP18 to ensure the Handbook remained in line with the MLO.
- 3.2.4 We are now proposing further guidance in Section 2.6 of the Handbook, to clarify that an MLCO may be supported by another sufficiently skilled and experienced person, for example, a person from within their own business, from within their financial group or by an external party.

Introduction of risk-based approach to appointment

- 3.2.5 Article 7(1) of the MLO requires a supervised person to appoint an MLCO, unless under newly introduced Article 7(1A) the appointment is not appropriate having regard to the size of the supervised person's financial services business and the risk of money laundering associated with that business. Article 7(1B) requires supervised persons to determine what is appropriate by reference to a relevant Code of Practice.
- 3.2.6 We are consequently proposing a new Code of Practice (COP18A) and associated guidance notes concerning:
 - 3.2.6.1 how to determine whether the appointment of an MLCO may not be necessary, having regard to the size and risk profile of a business
 - 3.2.6.2 the steps to be taken where a supervised person considers that the appointment of an MLCO is not appropriate
- 3.2.7 Assessing inherent risk is essential to this determination and necessitates consideration of both the supervised person's size **and** their exposure to money laundering, terrorist financing and/or proliferation financing. For example, a

supervised person may be small in size but have a high inherent exposure to financial crime risks; in which case, an MLCO must be appointed.

- 3.2.8 In determining its exposure to risk a supervised person can use the guidance already provided in Section 2.3.1 of the Handbook.
- 3.2.9 In terms of assessing size, we are seeking industry input on appropriate thresholds for the assessment. In particular, whether thresholds relating to the number of employees, the number of customers, and the value and/or volume of transactions are appropriate. We also welcome views on any additional risk factors or considerations that should be considered.

Question 1

Do you agree that it is appropriate for the Handbook to provide example size thresholds for use when assessing the appropriateness of an MLCO appointment? If not, please provide rationale.

Question 2

If you agree, what are appropriate size thresholds:

Number of employees	1. Less than 10	2. Less than 20.	3. Other
Number of customers	1. Less than 20	2. Less than 100.	3. Other
Number or value of transactions	1. Less than £5k	2. Less than £10k	3. Other

Please give reasoning for your suggestions and please also provide any other measures of size that you feel would be appropriate to this.

Question 3

- a. Could the Codes of Practice and Guidance concerning the assessment of size and risk be improved?
- b. What additional guidance would be helpful?

- 3.2.10 Where a supervised person does not appoint an MLCO, we are proposing it will be exempt from compliance monitoring requirements. Consequently, the supervised person would not be required to maintain compliance monitoring arrangements but will still be required to comply with all financial crime obligations for which the board will retain responsibility.

Question 4

Do you agree that in circumstances where the appointment of an MLCO is not appropriate, a supervised person should not be required to have in place compliance monitoring arrangements? If you disagree, on what basis, and do you have any suggested alternatives?

Senior Management Function/Level

- 3.2.11 To ensure the reference to “senior management level” included in Article 7(2A) of the MLO does not cause confusion with the guidance provided on “senior management functions” provided in Section 1.4.2. of the Handbook, we intend to clarify that these are two separate functions.

Question 5

Are proposed changes to the Handbook sufficiently clear, and if not, in what areas would additional clarity or further guidance be helpful?

Question 6

Would the proposed changes create any practical challenges for your governance arrangements and if so, how could this be addressed?

4 Proposals - reliance framework

4.1 Context

- 4.1.1 The proposed changes aim to align the Handbook with, and provide guidance on, the amendments to Articles 16 and 16A of the MLO, including:
- 4.1.1.1 the removal of the requirement to perform mandatory testing for all reliance arrangements
 - 4.1.1.2 allowing reliance on an obliged person to obtain information on the purpose and nature of a customer relationship
 - 4.1.1.3 the introduction of the requirement to periodically obtain new written assurances
 - 4.1.1.4 the introduction of specific circumstances under which reliance must cease
- 4.1.2 We are also proposing a new Code of Practice to require supervised persons to undertake risk-based 'adequate steps' to satisfy themselves that reliance is appropriate, as well as a more flexible definition of 'without delay' for the provision of evidence of identity by an obliged person.
- 4.1.3 We have also revised the structure of Section 5 of the Handbook and introduced new subheadings to improve the overall flow and navigability of the section. Due to the limitations of track changes, the extent of these structural amendments is not readily apparent in the marked-up version of the document attached at [Appendix 3](#).

4.2 Proposed changes

Reliance on the purpose and intended nature of the business relationship

- 4.2.1 A supervised person may now place reliance on an obliged person in respect of information regarding the purpose and intended nature of the business relationship. We are proposing additional wording to emphasise that the supervised person remains responsible for understanding their customer and their business activities.

Digital Identification (eKYC/Digital ID)

- 4.2.2 We recognise the increasing use of Digital ID and eKYC providers. We have provided guidance confirming that reliance may be placed on an obliged person that has used an eKYC provider to meet its own CDD obligations, provided that all the conditions set out in Article 16 are satisfied.
- 4.2.3 In addition, we have clarified that reliance cannot be placed directly on an eKYC provider, as such providers are not obliged persons with the meaning of the MLO.

Written assurance: taking 'adequate steps'

- 4.2.4 The requirement to undertake mandatory testing is now removed from the MLO (effective 31 October 2026) and the Handbook will be updated accordingly.
- 4.2.5 We propose updated Codes of Practice (COP53) to require supervised persons to evidence they have taken 'adequate steps' based on an assessment of risk to ensure that evidence of identity can be obtained promptly from an obliged person upon request.

Question 7

Does the guidance on taking 'adequate steps' provide sufficient clarity to support practical implementation? If not, please explain.

- 4.2.6 Written assurance is required in all cases. We propose to introduce guidance to help supervised persons determine whether this is sufficient, or whether additional measures are required to satisfy itself that 'adequate steps' have been undertaken. The guidance explains that an assessment of what constitutes 'adequate steps' should be informed by the risk assessment of the obliged person.
- 4.2.7 For example, where the supervised person assesses the risk associated with a reliance arrangement as other than low, it may be required to take one or more risk-based measures. The draft guidance includes examples of measures that may be appropriate.

Question 8

Do you consider written assurance, supplemented by risk-based measures where appropriate, sufficient to demonstrate that 'adequate steps' have been taken? If not, what additional measures would be proportionate and risk-based?

- 4.2.8 We are also proposing amendments to 'Appendix C' to modernise the template and ensure it is reflective of the changes to Articles 16, 16A and the Handbook. The proposed changes are included as [Appendix 4](#) to this paper.

Question 9

Do you agree with the proposed amendments to the Appendix C written assurance template? If not, what additional changes would be beneficial?

Written assurance: seeking updated assurance

- 4.2.9 A new provision in the MLO requires supervised persons to obtain updated written assurance at intervals determined by them, based on their knowledge of the customer, their business, and their risk profile.
- 4.2.10 We propose including guidance on how supervised persons may demonstrate compliance.

Question 10

Does the guidance on when to obtain new or updated written assurances provide sufficient clarity to support practical implementation? If not, please explain and provide suggestions for improvement.

Without delay – access to evidence of identity

- 4.2.11 We are proposing revised guidance to the definition of ‘without delay’ within the context of reliance whereby a period of longer than two working days is assessed on a case-by-case basis. The effect of this being that a period of more than five working days, currently not consider to be ‘without delay’, could be dependent on the specific circumstances.

Question 11

Do you anticipate any operational challenges arising from the revised definition of ‘without delay’ in relation to the provision of evidence of identity by an obliged person? If so, please provide details.

Cessation of reliance

- 4.2.12 Following the removal of the mandatory testing requirements from the MLO, reference to mandatory testing has also been removed from the Handbook.
- 4.2.13 The circumstances in which reliance must cease are now specified in Articles 16(9A) and 16(9B) of the MLO, rather than triggered by deficiencies identified through mandatory testing.
- 4.2.14 COP55 explains that following cessation of reliance, a supervised person should review the appropriateness of continuing to rely on the obliged person for other customer relationships and guidance is provided on this.

Question 12

Is the guidance on the steps to be taken when reliance ceases sufficiently clear? If not, please explain.

Group reliance: reflective changes

- 4.2.15 It is proposed that the two Codes of Practice relating to Group reliance be removed as they simply duplicate statutory provisions.

Question 13

What additional guidance, if any, would be helpful in relation to Group reliance?

Question 14

Considering the proposals as a whole, do you agree with the proposed changes? Please provide reasons for your response, including any practical benefits, risks, or unintended consequences you anticipate, to the extent not already covered elsewhere in your submission.

Equivalent jurisdictions

- 4.2.16 Several respondents to the Government of Jersey’s consultation suggested considering the re-introduction of an equivalent jurisdiction list. The JFSC intends to consider this at a later date, along with a review of Appendix D1 and D2, and therefore we are not proposing any changes to section 1.9 of the Handbook as part of this consultation.

5 Effect of the proposals

- 5.1 Overall, these proposals are focused on aligning the Handbook with the amendments to the MLO to create a more flexible, risk-based and proportionate framework for both the MLCO and reliance regimes.
- 5.2 For the MLCO framework, the proposals enable firms to structure compliance arrangements in a way that better reflects their size, risk and business model.
- 5.3 With the removal of mandatory testing from the reliance regime, the emphasis has shifted to demonstrating that 'adequate steps' have been taken. At the same time, clearer expectations around when reliance can be used, when it must cease, and how decisions should be evidenced are proposed to increase consistency and confidence.
- 5.4 Overall, the changes aim to ease operational burden, improve clarity, and maintain alignment with international standards, without weakening safeguards against financial crime.

6 Implementation

- 6.1 The Handbook will set out detailed codes of practice, practical guidance and examples to support application of both frameworks.

7 Summary of questions

Page	Question
MLCO framework	
Page 6	<p>Question 1</p> <p>Do you agree that it is appropriate for the Handbook to provide example size thresholds for use when assessing the appropriateness of an MLCO appointment? If not, please provide rationale.</p>
Page 6	<p>Question 2</p> <p>If you agree, what are appropriate size thresholds:</p> <p>Number of employees: 1. Less than 10 2. Less than 20. 3. Other</p> <p>Number of customers: 1. Less than 20 2. Less than 100. 3. Other</p> <p>Number or value of transactions: 1. Less than £5k 2. Less than £10k 3. Other</p> <p>Please give reasoning for your suggestions and please also provide any other measures of size that you feel would be appropriate to this.</p>
Page 6	<p>Question 3</p> <p>a. Could the Codes of Practice and Guidance concerning the assessment of size and risk be improved?</p> <p>b. What additional guidance would be helpful?</p>
Page 6	<p>Question 4</p> <p>Do you agree that in circumstances where the appointment of an MLCO is not appropriate, a supervised person should not be required to have in place compliance monitoring arrangements? If you disagree, on what basis, and do you have any suggested alternatives?</p>
Page 7	<p>Question 5</p> <p>Are proposed changes to the Handbook sufficiently clear, and if not, in what areas would additional clarity or further guidance be helpful?</p>
Page 7	<p>Question 6</p> <p>Would the proposed changes create any practical challenges for your governance arrangements and if so, how could this be addressed?</p>
Reliance framework	

Page 8	<p>Question 7</p> <p>Does the guidance on taking ‘adequate steps’ provide sufficient clarity to support practical implementation? If not, please explain.</p>
Page 8	<p>Question 8</p> <p>Do you consider written assurance, supplemented by risk-based measures where appropriate, sufficient to demonstrate that ‘adequate steps’ have been taken? If not, what additional measures would be proportionate and risk-based?</p>
Page 8	<p>Question 9</p> <p>Do you agree with the proposed amendments to the Appendix C written assurance template? If not, what additional changes would be beneficial?</p>
Page 8	<p>Question 10</p> <p>Does the guidance on when to obtain new or updated written assurances provide sufficient clarity to support practical implementation? If not, please explain and provide suggestions for improvement.</p>
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8 Appendices

- Appendix 1** [Draft Section 1.4.2 Tracked Changes](#)
- Appendix 2** [Draft Section 2.6 Tracked Changes](#)
- Appendix 3** [Draft Section 5 Tracked Changes](#)
- Appendix 4** [Draft Appendix C1 Tracked Changes](#)