5 IDENTIFICATION MEASURES – RELIANCE ON OBLIGED PERSONS

5.1 Overview of section

1. In some limited cases, a *supervised person* may meet its obligation to comply with Articles 13(1)(a) or (c)(ii) (*CDD*); 15(1)(a), (b), (d), (e) or (g) (*Enhanced CDD measures*); or 15A (*Enhanced CDD Measures* in relation to *PEPs*) of the *Money Laundering Order*, and *AML/CFT/CPF Codes of Practice* by placing reliance on measures that have already been applied by an *obliged person* to find out the identity of a mutual *customer* and to obtain evidence of identity.

2. To consider what reliance might be placed on an *obliged person*, a *supervised person* will first need to determine what elements of identity must be found out and what evidence of identity is to be obtained for its *customer*. It will do so in accordance with Article 3 of the *Money Laundering Order* and the *AML/CFT/CPF Codes of Practice* set out in sections 3, 4, 6 and 7 of *this Handbook*, and will also consider its risk assessment for the *customer*. Once it has determined what *identification measures* it is to apply, a *supervised person* can then consider whether those measures have already been applied by an *obliged person*.

3. Where an *obliged person* has met its *customer*, who is resident in the same country or territory as the *obliged person*, the measures that it has taken to find out identity and to obtain evidence of identity will be different to the *identification measures* that must be applied by the *supervised person* in a case where the *supervised person* is resident in a different country or territory to the *obliged person* and *customer*, and where it has not met its *customer*. Even in a case where the *supervised person* and *obliged person* have met a *customer* and are resident in the same country or territory, the measures taken by the *obliged person* may still differ to those to be applied by the *supervised person* to the extent that other factors are different, for example, the nature of the product or service to be provided.

4. The effect of this is that the *obliged person* may not have found out all the same information on identity as the *supervised person* needs and may have obtained evidence of identity using different documents, data, or information. This means that, in practice, the scope to place reliance may sometimes be quite limited, and that it may be necessary for a *supervised person* to find out more information on identity and obtain evidence for that aspect of identity itself.

5. However, it is not necessary for the *obliged person* to have found out identity or obtained evidence of identity exactly in line with *policies and procedures* applied by the *supervised person*, since *Guidance notes* in section 4 of *this Handbook* provide that there are different ways in which to apply *identification measures*. For example, where a *supervised person's* policies and procedures do not provide for the use of Digital ID when applying identification measures, it may still rely on obliged person who has found out the identity and/or obtained evidence of identity of the customers through the use of Digital ID / an eKYC provider. For the avoidance of doubt, where a *supervised person* uses a Digital ID application / an eKYC provider this does not constitute a reliance arrangement. Guidance on the use of Digital ID is provided in section 4.3.5 of the Handbook. Also, where the *obliged person* is outside Jersey, different requirements and guidance will be applicable.

Jersey Financial Services Commission

What can reliance be used for?

6. Where an *obliged person* meets the requirements outlined in Article 16 of the *Money Laundering Order*, a *supervised person* is permitted to place reliance on the *obliged person* to have found out the identity and to have obtained evidence of the identity of:

- the *supervised person's customer*;
- any *Beneficial owner and/or controller* of that *customer*;
- any third party for which that *customer* is acting;
- any *Beneficial owner and/or controller* of a third party for whom that *customer* is acting;
- any person purporting to act on behalf of that *customer*.

7. It is also possible to place reliance on an *obliged person* to obtain information on the purpose and intended nature of a *business relationship* or *one-off transaction*, where the *supervised person* considers it reasonable that the *obliged person* fully understands this.

8. It is not possible to place reliance on an *obliged person* to apply ongoing monitoring during a business relationship.

9. As noted above, overall *CDD* is always required to be undertaken by the *supervised person*. However, set out below are two tables summarising the elements of *CDD* that, in the absence of other provisions, the *supervised person* is required to undertake itself:

***CDD* element**	**Always required to be undertaken by the *supervised person***
Identification measures	Risk assessment.
Ongoing monitoring	Scrutinising transactions/activity.
	Keep documents/information up to date.

***CDD* element**	**Article 16(2) of the *Money Laundering Order* allows reliance upon an *obliged person***	
Identification measures	Identify *customer.*	
	Identify third parties.	
	Identify person acting for *customer.*	Verify authority to act.
	Where *customer* not individual:	Understand ownership/control structure.
		Identify *Beneficial owners/controllers.*
	Obtain information on purpose/nature	

Where reliance cannot be used

10. Under Article 16(11) of the *Money Laundering Order* reliance cannot be used in any case where:

- a supervised person suspects *money laundering*, the *financing of terrorism*, or *proliferation financing*;
- a *supervised person* considers that there is a higher risk of *money laundering*, the *financing of terrorism*, or *proliferation financing* based on a risk assessment carried

out under Article 16(3) of the *Money Laundering Order* (see section 5.1.2 of this Handbook); or

- the *obliged person* has a relevant connection to an enhanced risk state (see section 7.5 of this Handbook).

Provision of information and evidence of identity

11. Whilst the information on identity found out by the *obliged person* must be provided to the *supervised person* immediately before establishing a *business relationship* or carrying out a *one-off transaction*, a *supervised person* is not also required to immediately obtain evidence of identity. Evidence of identity may be held by an *obliged person*, so long as the *supervised person* is satisfied that the *obliged person* will provide the evidence that it holds, on request and without delay. However, it is not uncommon for evidence of identity to be called for at the same time as information on identity is provided by the *obliged person*.

What is an obliged person

12. An obliged person is a person who the relevant person knows of has reasonable grounds for believing is –

- a relevant person in respect of whose financial services business the Commission discharges supervisory functions; or
- a person carrying on equivalent business (refer to section 1.9 of this Handbook)

13. Examples of obliged persons include, but are not limited to:

- an investment advisor who arranges for a *customer* to invest in a financial product provided by a *supervised person*, where the investment is to be held in the name of the *customer* and not that of the investment advisor;
- a Trust Company Business that establishes a bank or investment account for a client company, trust or foundation;
- a law firm that is a *supervised person* carrying on *supervised business;*
- an accountancy firm that is a *supervised person* carrying on *supervised business*.

14. A *supervised person* will remain responsible for the satisfactory performance of all elements of *reliance identification measures*.

15. However, where the measures taken by a *supervised person* are reasonable, it will have a defence should the *obliged person* fail to have performed satisfactory measures.

Outsourcing arrangement of AMLSPs

16. Outsourcing arrangements and the appointment of *AMLSP* to provide *AMLSP* services (*AMLSP* arrangements) are not included within the scope of this section, as these are distinct from circumstances in which reliance is placed on an *obliged person*. In an outsourcing arrangement/*AMLSP* arrangement, notwithstanding that the service provider may have substantial contact with the *customer*, the *customer*'s direct relationship is with the *supervised person.* The service provider will perform the outsourced/*AMLSP services* on behalf of the *supervised person* according to the terms of a contract with the *supervised person*. An example of a typical outsourcing arrangement is where a trustee of a *Collective investment scheme* outsources the management of the scheme to an external party.

Data protection

17. Where information on identity is found out, or evidence of that identity is obtained, and is passed by an *obliged person* to a *supervised person* to comply with requirements to counter *money laundering* and the *financing of terrorism,* the Data Protection (Jersey) Law 2018 restricts the use of the information to that purpose, except where another condition for processing personal data applies.

Definition of customer

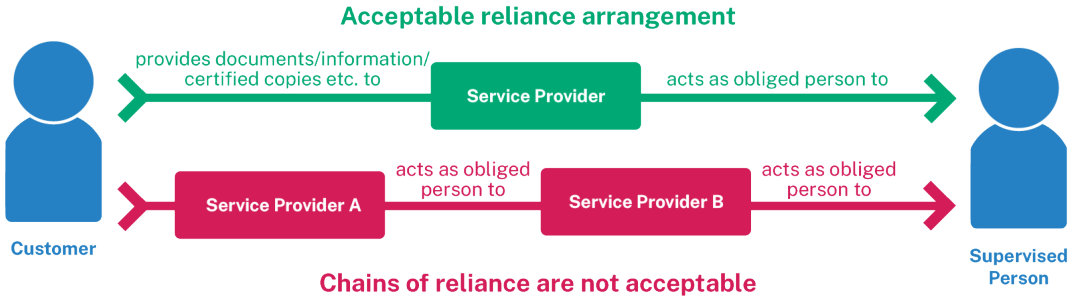
18. A *customer* may be an individual (or group of individuals) or a legal person. Section 4.3 of *this Handbook* deals with a *customer* who is an individual (or group of individuals), section 4.4 of *this Handbook* deals with a *customer* (an individual or legal person) who is acting for a legal arrangement, and section 4.5 of *this Handbook* deals with a *customer* who is a legal person.

19. Under Article 16(1) of the *Money Laundering Order*, in this section "*customer of the obliged person*" means:

- a *customer* of the *obliged person*;
- a *Beneficial owner and/or controller* of that *customer*;
- a third party for whom that *customer* is acting;
- a *Beneficial owner and/or controller* of a third party for whom that *customer* is acting;
- a person purporting to act on behalf of that *customer*.

No 'chain of reliance'

20. As stated at Article 16(4)(b) of the Money Laundering Order and referenced in the *statutory requirements* section above, a *supervised person* must not rely on an *obliged person* who is in turn relying on someone else (also known as a chain of reliance). See the diagram below for a graphical explanation of this point.



5.1.1 The six conditions for reliance

21. The *Money Laundering Order* provides for six conditions that reliance must always be subject to.

Statutory requirements (paraphrased wording)

22. *In some limited circumstances, Article 16(2) of the Money Laundering Order provides that a relevant person may be considered to have applied the reliance identification measures where such measures have already been applied by an obliged person. Obliged person means a person who the relevant person knows or has reasonable grounds for believing is:*

- *a relevant person in respect of whom the JFSC discharges supervisory functions that is overseen for AML/CFT compliance in Jersey;*
- *a person who carries on equivalent business (refer to section 1.9 of this Handbook).*

23. *Reliance must always be subject to six conditions.*

24. *The first condition (Article 16(2)(a) of the Money Laundering Order) is that the obliged person consents to being relied upon.*

25. *The second condition (Article 16(4) of the Money Laundering Order) is that identification measures have been applied by the obliged person in the course of an established business relationship or one-off transaction.*

26. *The third condition (Article 16(4)(a),(b),(c) and (d) of the Money Laundering Order) is that the relevant person obtains adequate assurance in writing that the obliged person:*

- *has applied reliance identification measures in relation to the customer;*
- *has not itself relied upon another party to have applied any reliance identification measures;*
- *has not, in reliance on any provision in Part 3A of the Money Laundering Order (or if the obliged person is not in Jersey, a provision of similar effect), applied measures that are less than equivalent to the reliance identification measures;*
- *is required to keep, and does keep, evidence of the identification as described in Article 3(4)(b) of the Money Laundering Order relating to each of the obliged person's customers, including a record of such evidence.*

27. *The fourth condition (Article 16(2)(b) of the Money Laundering Order) is that the obliged person immediately provides the relevant person with the information obtained from applying the reliance identification measures.*

28. *To the extent that reliance is placed on an obliged person to keep hold of the evidence obtained under reliance identification measures, the fifth condition (Article 16(5) of the Money Laundering Order) is that the relevant person obtains adequate assurance in writing that the obliged person will:*

- *keep that evidence until the evidence has been provided to the relevant person, or until notification is received from the relevant person that the evidence is no longer required to be kept;*
- *provide that evidence to the relevant person at its request, and without delay.*

29. *The sixth condition (Article 16(3) of the Money Laundering Order) is that, immediately before placing reliance, the relevant person assesses the risk of placing reliance and makes a written record as to the reason why it is appropriate for it to place reliance on the obliged person, having regard to:*

- *the higher risk of money laundering or the financing of terrorism should the obliged person fail to carry out any action specified in the assurances obtained under paragraphs 26 and 28 above;*
- *the risk that an obliged person will fail to provide the relevant person with evidence without delay if requested to do so by the relevant person.*

30. *Article 16(11) of the Money Laundering Order states that nothing in this Article permits a relevant person to rely on the reliance identification measures of an obliged person if:*

- *the relevant person suspects money laundering or the financing of terrorism;*
- *the relevant person considers that there is a higher risk of money laundering on the basis of the assessment made under Article 16(3) of the Money Laundering Order;*
- *the obliged person is a person having a relevant connection with an enhanced risk state (within the meaning of Article 1(1) of the Money Laundering Order).*

31. *Notwithstanding that reliance may be placed on an obliged person, Article 16(10) of the Money Laundering Order states that a relevant person is liable for any failure to apply reliance identification measures.*

5.1.2 Assessment of the risk of placing reliance on an obliged person

32. A *supervised person* is required to assess the risk of placing reliance on an obliged person before the establishment of the reliance relationship.

Statutory requirements (paraphrased wording)

33. *Before relying upon the obliged person, the relevant person must assess the risk of doing so and make a written record of the reasons the relevant person considers that it is appropriate to do so, having regard to two risks.*

34. *The first is the higher risk of money laundering or the financing of terrorism should an obliged person fail to carry out any actions specified in the assurances obtained under Articles 16(4) and (5) of the Money Laundering Order.*

35. *The second is the risk that an obliged person will fail to provide the relevant person with evidence without delay if requested to do so by the relevant person.*

36. *Article 16(3) of the Money Laundering Order requires a relevant person to prepare a written record of the reason why it is appropriate to place reliance on an obliged person.*

Guidance notes

Assessing the risks of placing reliance on an obliged person

37. Immediately before relying upon an *obliged person*, a *supervised person* may demonstrate that it has had regard for the higher risk of *money laundering*, the *financing of terrorism*, or the *financing of proliferation*, and risk that an *obliged person* will fail to provide the *supervised person* with evidence of identity without delay if requested to do so, where it considers the following factors:

- the stature and regulatory track record of the *obliged person*;

- the risks posed by the country/territory/area in which the obliged person is based. Factors to consider include those found at section 3.3.4.1 of this Handbook;
- the adequacy of the framework to combat *money laundering*, the *financing of terrorism*, or the *financing of proliferation* in place in the country/territory/area in which the *obliged person* is based, and the period of time that the framework has been in place;
- the adequacy of the supervisory regime to combat money laundering, the *financing of terrorism*, or the *financing of proliferation* to which the *obliged person* is subject;
- the adequacy of identification measures applied by the *obliged person* to combat *money laundering*, the *financing of terrorism*, and the *financing of proliferation*.

38. A *supervised person* may demonstrate that it has considered the adequacy of identification measures applied by an *obliged person* where it takes one or more of the following steps:

- reviews previous experience (if any) with the *obliged person*, in particular the adequacy and accuracy of information on identity found out by the *obliged person* and whether that information is current;
- makes specific enquiries, e.g., through a questionnaire or a series of questions;
- reviews relevant policies and procedures to combat *money laundering*, *terrorist financing* and the *financing of proliferation* in place at the *obliged person;*
- where the *obliged person* is a member of a financial group, makes enquiries concerning the extent to which group standards are applied to and assessed by the group's internal audit function.

5.1.3 Adequate steps

39. In respect of any reliance relationship, Articles 16(4) and (5) of the *Money Laundering Order* require *supervised persons* to obtain written assurances. As outlined below, the AML/CFT/CPF Codes of Practice also require *supervised persons* to consider whether any additional steps are necessary, and to record those considerations and conclusions.

40. Where a *supervised person* has assessed the risk associated with a reliance arrangement as lower, obtaining adequate assurance in writing from the *obliged person* in accordance with Article 16(5) of the *Money Laundering Order* will be sufficient to demonstrate that it has taken adequate steps to satisfy itself that evidence of identity will be made available upon request and without delay.

Statutory requirements (paraphrased wording)

41. *Article 16(6)(a) of the Money Laundering Order provides that a written assurance will be adequate if it is reasonably capable of being regarded as reliable and a relevant person is satisfied that it is reliable.*

42. *Article 16(6)(b) of the Money Laundering Order provides that written assurances may be provided each time that reliance is placed or through a more general arrangement with an obliged person that has an element of duration, e.g. terms of business.*

43. *Article 16(7) of the Money Laundering Order states that a relevant person (including a person who was formerly a relevant person) who has given an assurance to another person under Article 16 (5) of the Money Laundering Order (or under an equivalent provision that applies outside Jersey) must, if requested by the other person, provide the person with the evidence obtained from applying the reliance identification measures.*

44. *Notwithstanding that reliance may be placed on an obliged person, Article 16(10) of the Money Laundering Order states that a relevant person is liable for any failure to apply reliance identification measures.*

AML/CFT/CPF Codes of Practice

[COP53] To the extent that reliance is placed on an *obliged person*, a *supervised person* must be able to demonstrate that:

53.1 the conditions required by the *Money Laundering Order* are met; and

53.2 it has taken adequate steps, based on its assessment of risk under Article 16(3), to satisfy itself that evidence of identity will be made available to it from the obliged person upon request and without delay.

[COP54] All evidence of identity passed by the *obliged person* to a *supervised person* (on request) must be confirmed by the *obliged person* as being a true copy of either an original or copy document held on its file.

Guidance notes

Adequate steps

45. Where a *supervised person* places reliance on an *obliged person* and has assessed the risk associated with that reliance arrangement as lower, it need not take additional measures in order to demonstrate that it has taken adequate steps to satisfy itself that evidence of identity will be made available by the obliged person upon request and without delay. Examples include:

- reliance on an obliged person operating in Jersey where the associated risk is assessed as lower; and
- reliance on an obliged person that is a member of the same financial group where the associated risk is assessed as lower.

46. Where a *supervised person* assesses the risks associated with a reliance arrangement as other than lower risk, it may demonstrate that it has taken adequate steps to satisfy itself that evidence of identity will be made available to it from the *obliged person* upon request and without delay where it undertakes one or more of the following steps:

- reviews relevant onboarding, *CDD* and record keeping related policies and procedures to combat *money laundering*, and the *financing of terrorism* and the *financing of proliferation* in place at the *obliged person*;
- considers previous experience (if any) in respect of the *obliged person*'s responsiveness to reliance related information requests;
- reviews relevant laws and regulations where the obliged person operates outside of Jersey to confirm that any differences in relation to identification measures do not amount to deficiencies or otherwise give rise to material concern;
- undertake testing to confirm that the *obliged person* is able to provide evidence of identity without delay;

- periodically review and refresh the risk assessment required under Article 16(3) (the frequency and/or nature of the steps a supervised person takes in performing such a review should be commensurate with the level of risk assessed when performing the risk assessment of the *obliged person* required under Article 16(3));
- request additional confirmations, over and above the written assurances required, as considered appropriate by the *supervised person*. For example, confirmation that the *obliged person*'s application and oversight of identification measures (and related systems and controls) are subject to periodic compliance monitoring testing;
- meeting with the *obliged person* to gain a clear understanding of its processes relevant to the application of identification measures and / or how it would make information available upon request; and/or
- any other measures that the *supervised person* considers are appropriate having regard to the risk of the reliance arrangement.

47. A *supervised person* may demonstrate that the steps it has taken to satisfy itself that evidence of identity will be made available by the *obliged person*, upon request and without delay, are adequate where it retains a written record explaining why it considers those steps to be adequate, having regard to the risk assessment carried out under Article 16(3).

48. Where a supervised person has been provided with copies of evidence of identity from the *obliged person* before placing reliance, it does not need to take additional steps to confirm that the obliged person can provide that evidence upon request and without delay.

Assurance in writing about *reliance identification measures*

49. A *supervised person* may demonstrate that it has obtained adequate assurance in writing from an *obliged person* under Article 16(4)(a) of the *Money Laundering Order* that it has applied *reliance identification measures* to the *customer*, where the *obliged person*:

- confirms that it is not prevented, by application of law, from providing the required information or evidence (e.g. that it is not subject to secrecy legislation);
- provides information on identity that it has found out using an information template (such as 'Appendix C'); and
- explains what evidence of identity it has obtained.

50. An assurance that addresses the matters listed in paragraph 49 above will be reasonably capable of being regarded as reliable under Article 16(6)(a) of the *Money Laundering Order*.

Written assurances for multiple reliance relationships with the same *obliged person*

51. Written assurances required under Articles 16(4) and 16(5) may be provided by an obliged person in relation to each business relationship or one-off transaction. Alternatively, as provided by Article 16(6)(b), where a supervised person relies on an *obliged person* for more than one business relationship or one-off transaction, the *obliged person* may provide written assurance that covers all such relationships and transactions.

Access to evidence of identity without delay

52. In cases where a *supervised person* has called for evidence of identity, a *supervised person* may demonstrate that an *obliged person* has provided evidence of identity without delay where it is provided within five working days.

53. Whether a longer timeframe constitutes 'without delay' will depend on the specific facts and circumstances. To demonstrate that it has adequately assessed whether the timeframe for provision was without delay, the *supervised person* is expected to record the rationale for why the obliged person was unable to provide the evidence of identity within five working days including how many days evidence remained outstanding, how many times a delay has occurred previously across the *supervised person's* practice, as well as the board/senior management's considerations.

54. Non- exhaustive illustrative examples of where a timeframe may constitute being "without delay" when it is more than five working days are where:

- the evidence of identity is only held in hard copy in archive and operational practicalities dictate that recovery of that documentation within five working days is not possible;
- there are unforeseen circumstances, such as a system outage, which directly impacts upon timely access to necessary information; or
- the customer is in a jurisdiction with a significant time difference or local public holidays which temporarily affect access to records.

55. The longer the timeframe for providing evidence of identity, the more difficult it will be for the *supervised person* to demonstrate that the information was provided "without delay".

56. Where a *supervised person* determines that evidence of identity has not been provided without delay, reliance must cease immediately in accordance with Articles 16(9A) and 16(9B) (see below for further information on cessation of reliance).

5.1.4 Cessation of reliance

57. The *Money Laundering Order* sets out the circumstances in which reliance must cease under Articles 16(9A) and (9B). Where any of these circumstances arise, the *supervised person* must immediately cease placing reliance on the *obliged person* and take steps to obtain identification and verification documentation for the associated customer(s).

58. Upon cessation of reliance, the supervised person should promptly consider and where necessary take remedial action to fulfil its CDD obligations in accordance with Article 13(1)(c)(ii) of the *Money Laundering Orde*r. Guidance is provided in sections 4.9 and 4.10 of this Handbook.

Statutory requirements (paraphrased wording)

59. *Article 16(9A) and (9B) of the Money Laundering Order states that a relevant person must immediately cease to place reliance on an obliged person in respect of one or more business relationships and/or all business relationships in the following circumstances:*

- *where the person on whom the relevant person was relying as an obliged person is no longer an obliged person;*
- *where the obliged person no longer consents to be relied upon;*
- *where the relevant person becomes aware that the obliged person has not applied or is no longer applying the reliance identification measures in relation to the customer;*
- *where the obliged person does not immediately provide the relevant person with the information obtained from applying the reliance identification measures;*

- *where the obliged person does not, without delay, provide the relevant person with the evidence obtained from applying the reliance identification measures when requested by the relevant person;*
- *the obliged person does not, without delay, give a new assurance when requested by the relevant person.*

AML/CFT/CPF Codes of Practice

[COP55] In a case where, for a particular *business relationship*, a *supervised person* becomes aware that an *obliged person*:

- has not applied the necessary reliance identification measures;
- does not provide adequate, accurate and current information;
- does not keep evidence of identity for as long as is necessary; or
- will not provide that evidence without delay when requested to do so;

a *supervised person* must review the basis upon which it has placed reliance on that *obliged person* for other relationships (if any) to determine whether it is still appropriate to do so.

Guidance notes

60. Where a *supervised person* identifies any of the deficiencies noted above in relation to its reliance on an *obliged person* for a particular business relationship or one-off transaction, it may demonstrate that it has reviewed the basis upon which it has placed reliance on that *obliged person* for other relationships (if any) where it:

- undertakes testing of other customer/ business relationships where it places reliance on the *obliged person*. The testing sample size should be sufficient to enable the *supervised person* to establish whether the *obliged person*'s deficiencies were isolated or more systemic in nature;
- documents the results of its testing;
- clearly records the decision to cease or continue the reliance relationship (supported by rationale and evidence where necessary); and
- updates its assessment of the risk of placing reliance on the *obliged person*.

5.2 Group reliance

61. In some limited cases, a *supervised person* may meet its obligation to comply with Articles 13(1)(a) or (c)(ii) (*CDD*); 15(1)(a), (b), (d), (e) or (g) (*Enhanced CDD Measures*); or 15A (*Enhanced CDD Measures* in relation to *PEPs*) of the *Money Laundering Order,* and the *AML/CFT/CPF Codes of Practice* by placing reliance on *similar identification measures* that have already been applied by a party outside Jersey who is a member of the same *financial group* as the *supervised person,* but is not also an *obliged person*. In other words, group reliance is only to be used where the party outside Jersey does not meet the definition of an *obliged person*, for example where it is not operating in an equivalent jurisdiction. Where the party outside Jersey meets the definition of an *obliged person*, reliance falls within the scope of Article 16, irrespective of whether the party is a member of the same financial group.

62. The effect of Article 16A of the *Money Laundering Order* is therefore to extend the application of Article 16 of the *Money Laundering Order* to an 'external person' who could not otherwise be relied on. As a result, the six conditions for reliance and the Codes of Practice set out in sections 5.1.1–5.1.4 apply equally to group reliance (between *supervised persons* and external persons) as they do to reliance (between *supervised persons* and *obliged persons*).

63. Under the definitions provided in Article 16A(1) of the *Money Laundering Order*, in this section 'external person' means a person outside Jersey, who:

- is not an obliged person;
- is a member of the same financial group as the supervised person; and
- carries on a business which, if that business were carried on in Jersey, would be a supervised business.

Statutory requirements (paraphrased wording)

64. *In some limited circumstances, Article 16A of the Money Laundering Order provides that a relevant person may be considered to have applied similar identification measures specified in Article 3(2)(a), (aa), (b) and (c) of the Money Laundering Order where such measures have already been applied by an external person.*

65. *Under Article 16A(2)(c-f) of the Money Laundering Order, in order to place reliance on an external person, the financial group to which the relevant person and external person belong must:*

- *apply CDD measures and record-keeping requirements in line with the Money Laundering Order or in line with FATF Recommendations 10, 11 and 12;*
- *maintain a programme against money laundering and the financing of terrorism 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 the financing of terrorism (an AML/CFT programme);*
- *adequately mitigate any higher risk of money laundering and the financing of terrorism (including any such risk which arises from the external person's connection with a country or territory outside Jersey) through its policies and procedures;*

66. *be supervised by an overseas regulatory authority in its implementation of CDD measures and record-keeping requirements, and its AML/CFT programme.*

67. *Article 16(A)(2), (3), (4), (5) and (6) of the Money Laundering Order states that reliance is always subject to several conditions. These are outlined at paragraphs 24 to 29 above, where references to "obliged person" should be read as referring to "external person".*

68. *Article 1(5) of the Money Laundering Order explains that a person is a member of the same financial group as another person if there is, in relation to the group, a parent company or other legal person that exercises control over every member of that group for the purposes of applying group supervision under:*

- *the Core Principles for Effective Banking Supervision published by the Basel Committee;*
- *the Objectives and Principles for Securities Regulation issued by IOSCO; or*

- *the Insurance Supervisory Principles issued by the IAIS.*

69. *Under Article 16A(1) of the Money Laundering Order "financial group" includes a group of persons falling within Schedule 2, Part 3 to the Proceeds of Crime (Jersey) Law 1999 ('designated non-financial services businesses and professions') if there is, in relation to the group, a parent company or other legal person that exercises control over every member of the group. In other words, a "financial group" can include a group of businesses such as accountants, lawyers, estate agents, or other designated non-financial businesses, where all the companies in the group are controlled by the same parent company or controlling entity.*

AML/CFT/CPF Codes of Practice

[COP56] This COP has been deleted with effect from 31 October 2026

[COP57] This COP has been deleted with effect from 31 October 2026