

Consultation feedback on proposed changes to the reliance and Money Laundering Compliance Officer (MLCO) regimes

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1 Executive summary

1.1 Background and purpose

The Government of Jersey's Financial Services Competitiveness Programme identified opportunities to make the reliance and Money Laundering Compliance Officer (**MLCO**) regimes more proportionate. The aim is to reduce unnecessary regulatory friction while maintaining effective safeguards against financial crime.

On 30 January 2026, the Government consulted on proposed changes to the Money Laundering (Jersey) Order 2008 (**MLO**). The resulting amendments were signed into law on 17 April 2026.

Some changes to the MLCO regime took effect on 30 June 2026. These required immediate changes to our AML/CFT/CPF Handbook. The remaining MLCO changes and the changes to the reliance regime take effect on 31 October 2026.

We therefore consulted on 7 July 2026 on the Codes of Practice and guidance needed to explain how the revised regimes will work in practice.

1.2 What we consulted on

- **The MLCO framework:** when a supervised person may decide that it does not need to appoint an MLCO; how the supervised person should assess its size and risk; and the governance, evidence, review and compliance-monitoring arrangements that should apply.
- **The reliance framework:** what supervised persons should do to demonstrate that they have taken 'adequate steps'; when written assurance will be sufficient; when additional measures will be needed; and how the rules on ending and using group reliance should operate.

1.3 What respondents told us

We received 26 substantive responses. Respondents included financial services businesses, designated non-financial businesses and professions, consultants, trade bodies and the Government of Jersey. We also considered feedback from our industry drop-in sessions.

Respondents generally supported more proportionate, risk-based regulation. Support for the reliance changes was strong. Respondents were more cautious about the proposed MLCO changes and emphasised the need to maintain effective governance and oversight.

The main points were:

- decisions about appointing an MLCO should be based on risk as well as size
- fixed thresholds based on employee, customer or transaction numbers would not work consistently across sectors and business models

- supervised persons should continue to monitor compliance even if they do not appoint an MLCO
- the reliance regime should be flexible and outcomes-focused
- the Handbook should distinguish clearly between required steps and illustrative examples
- two working days may not be enough to provide identity evidence in complex, bulk or cross-border cases

1.4 How our approach has changed

We have retained the overall direction of the reforms but changed several proposals in response to the feedback and our further legal review. In addition to providing clearer guidance on when it may not be necessary to appoint an MLCO, the main changes are set out below.

We will not introduce fixed MLCO size thresholds

We proposed numerical thresholds based on employee, customer and transaction numbers. Respondents told us that these measures would not work consistently across different sectors and business models.

We agree. The final guidance will instead give examples of relevant size indicators. Supervised persons must consider these alongside their risk, complexity and other relevant circumstances. No single indicator will determine whether an MLCO is needed or not needed.

Compliance monitoring will remain mandatory

We proposed that a supervised person that did not appoint an MLCO might also be able to operate without formal compliance-monitoring arrangements. Respondents raised concerns about the resulting gap in oversight.

Our further legal review also confirmed that Article 11 of the MLO requires supervised persons to maintain appropriate and consistent compliance-monitoring arrangements. We will therefore not proceed with this proposal.

Where a supervised person does not appoint an MLCO, its governing body will remain responsible for ensuring that it has proportionate compliance-monitoring arrangements.

Testing will not be mandatory

A supervised person must take adequate steps to assess a reliance arrangement. The steps required will depend on the risk:

- for a lower-risk arrangement, written assurance will be sufficient
- for a higher-risk arrangement, or one that cannot reasonably be assessed as lower risk, the supervised person must take additional proportionate measures

Testing is one possible measure, but it will not be mandatory. The Handbook examples are illustrative and do not form a checklist.

We have made the written-assurance guidance more flexible

Following the feedback:

- Appendix C will remain an optional template. Supervised persons may adapt it, including for portfolio or group arrangements, provided they meet the statutory requirements.
- We have removed guidance on how often written assurances should be renewed. We will continue to discuss the underlying legislative position with the Government of Jersey.
- We have changed the benchmark for providing identity evidence from two to five working days. We recognise that, exceptionally, five working days may not be enough. In those cases, the supervised person should be able to explain the delay and show that it acted promptly and reasonably.

1.5 Next steps

Given the broadly positive feedback received, we intend to progress the proposals set out below. The changes are intended to enhance flexibility, support a more proportionate risk-based approach and reduce unnecessary administrative burden whilst maintaining effective regulatory standards.

We revised the relevant Handbook sections. The tracked-change versions are attached to this paper.

The reliance changes and remaining MLCO changes will take effect on **31 October 2026**.

The earlier [MLCO changes have applied since 30 June 2026](#).

We will update our website and the Handbook on **2 November 2026**.

We will continue discussions with the Government of Jersey about the legislative issues raised in relation to written assurances.

2 Consultation feedback

2.1 Feedback received

- 2.1.1 This section summarises the comments received in response to the consultation paper (**CP**). Not every comment is referenced individually; instead, it highlights the most common and relevant points raised and, where appropriate, our responses.
- 2.1.2 We received 26 substantive responses. Nineteen were submitted through SmartSurvey, while the rest came by letter, email or meeting minute summary. Respondents included banks, trust and fund services businesses, designated non-financial businesses and professions, regulatory consultants, government, trade bodies, and other regulated financial services businesses. Feedback from the drop-in sessions held on 27 and 29 July 2026 also informed this summary.
- 2.1.3 The responses generally supported proportionate, risk-based reform. Support was stronger and more consistent for the proposed reliance changes than for the proposed changes to the MLCO regime. Across both areas, respondents emphasised the need for clarity and the protection of Jersey's AML/CFT/CPF effectiveness and reputation.

2.2 Responses to the consultation questions

MLCO proposals

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.

- 2.2.1 Views were mixed. Some respondents considered indicative thresholds useful because they would give smaller supervised persons a practical point of reference and promote consistency. Others supported thresholds only if they were expressly non-determinative and formed one part of a wider risk assessment.
- 2.2.2 Respondents generally accepted that size could be a relevant consideration when assessing whether appointing an MLCO is not necessary. However, many emphasised that size should be considered separately from risk. Smaller businesses, despite their size, can still be exposed to material ML/TF/PF risks. Respondents therefore suggested that any size threshold should operate alongside, rather than replace, a broader assessment of risk and complexity.
- 2.2.3 Respondents also warned that certain thresholds could become de facto safe harbours, lead to inconsistent outcomes between sectors, or prompt businesses to adjust staffing, outsourcing, or structures to remain below those limits.

Our response

- 2.2.4 We note that respondents generally supported considering size when determining whether an MLCO appointment is not necessary, provided it is not treated as a proxy for risk. We have refined the guidance to clarify the circumstances in which Article 7(1A) may apply. The revised approach supports smaller supervised persons while ensuring that risk remains the central consideration in assessments.

Question 2: If you agree, what are appropriate size thresholds?

- Number of employees: Less than 10, More than 10, Other
- Number customers: Less than 20, More than 20, Other
- Number or value of transactions: Less than £5k, Less than £10k, Other

- 2.2.5 There was no clear consensus from respondents on appropriate numerical thresholds. Although some favoured simple employee and customer measures, many considered that the proposed figures might not provide a consistent or suitable measure across all supervised persons. Employee numbers were viewed as limited for certain business types such as funds, SPVs, administered businesses and outsourced arrangements. Respondents also noted that customer numbers and transaction values vary by sector and that a low transaction count does not necessarily indicate low risk.
- 2.2.6 A number of respondents suggested additional or alternative factors, including sector, PEP and higher-risk jurisdiction exposure, control of client assets, transaction complexity and value, ownership structures, outsourcing, regulatory record and the nature of any AMLSP or service provider arrangement.

Our response

- 2.2.7 We acknowledge that respondents did not support using multiple numerical thresholds for customers or transactions. After considering the feedback, we have decided not to proceed with fixed size-based thresholds.
- 2.2.8 We also recognise the view that no single size metric or threshold can be applied consistently across all sectors and business models when deciding whether to appoint an MLCO. The significance of factors such as employee numbers, customer volumes or transaction values depends on the nature, scale, risk and complexity of the supervised person.
- 2.2.9 As a result, the guidance will not set out fixed thresholds. Instead, it will include examples of indicators that may be used when assessing size. There may be other appropriate size indicators. We recognise that each indicator can carry different weight depending on context.

Question 3: Could the Codes of Practice and guidance concerning the assessment of size and risk be improved? What additional guidance would be helpful?

- 2.2.10 Respondents strongly supported additional guidance. They asked for clearer eligibility criteria, the evidence expected to support a decision not to appoint an MLCO, the frequency of review and the events that should trigger reassessment.
- 2.2.11 There was broad support for sector-specific worked examples, particularly for banks, funds, TCBs, managed and administered entities, Schedule 2 businesses, DNFBPs, accountancy networks and entities with no employees.
- 2.2.12 Respondents also sought clarity on the role of the board, the AMLSP and any designated service provider; whether notification or a no-objection process would apply; and how NRA findings and the BRA should be reflected in the assessment.

Our response

- 2.2.13 In response to the feedback, we have refined the guidance to provide further clarity on the criteria for deciding whether the appointment of an MLCO is not necessary, the governance and evidential considerations to support those decisions, how often assessments should be reviewed, and which events should trigger reassessment.
- 2.2.14 The accompanying guidance provides greater clarity regarding the circumstances in which a supervised person may determine that the appointment of an MLCO is not needed. This assessment should take account of both the size and risk profile of the supervised person and should be supported by an appropriately documented rationale and risk assessment.
- 2.2.15 The Handbook identifies certain categories of supervised person where, in most cases, we would ordinarily expect an MLCO to be appointed, subject to the outcome of the size and risk assessment. These include supervised persons that are subject to:
- 2.2.15.1 the Banking Business (Jersey) Law 1991
 - 2.2.15.2 the Collective Investment Funds (Jersey) Law 1988
 - 2.2.15.3 the Financial Services (Jersey) Law 1998
 - 2.2.15.4 the Insurance Business (Jersey) Law 1996
 - 2.2.15.5 the Alternative Investment Funds (Jersey) Regulations 2012
- 2.2.16 These categories are intended to act as indicators rather than determinative criteria. We recognise that supervised persons within these sectors may differ significantly in their size, activities, complexity and risk profile. Accordingly, the assessment should always be undertaken on a case-by-case basis, taking account of all relevant factors. While we would ordinarily expect many supervised persons within these categories to appoint an MLCO, there may nevertheless be circumstances where, following an assessment of both size and risk, a supervised person determines that the appointment of an MLCO is not needed.
- 2.2.17 Similarly, we would ordinarily expect a virtual asset service provider to appoint an MLCO, due to the risk profile commonly associated with virtual asset activities.
- 2.2.18 We have refined the guidance accompanying Article 7(1A) and Code of Practice 18A to provide greater clarity regarding:
- 2.2.18.1 the circumstances in which the flexibility may be available;
 - 2.2.18.2 the factors that should be considered when assessing appropriateness;
 - 2.2.18.3 governance and evidential expectations;
 - 2.2.18.4 the review of assessments; and
 - 2.2.18.5 circumstances that may trigger reassessment.
- 2.2.19 We have also improved guidance on how supervised persons may use their business risk assessments to inform decisions about MLCO appointments, while avoiding unnecessary duplication within the Handbook.

Question 4: Do you agree that in circumstances where the appointment of an MLCO is not needed, 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?

- 2.2.20 Respondents provided substantial feedback on this proposal. While many supported reducing burdens for smaller supervised persons, several expressed concern about ensuring AML/CFT/CPF compliance in the absence of formal monitoring arrangements. We have reconsidered the proposal in light of these views and the applicable legal requirements.
- 2.2.21 Respondents also noted that Article 11 of the MLO requires supervised persons to maintain appropriate and consistent policies and procedures for compliance monitoring and management. Some sought clarification on how these requirements would operate alongside any new changes.
- 2.2.22 Several respondents asked how monitoring requirements would apply where no MLCO is appointed, emphasising the importance of maintaining suitable compliance oversight mechanisms.

Our response

- 2.2.23 We are grateful to respondents for their constructive feedback. We have considered their views carefully and re-evaluated the proposal against the legal requirements.
- 2.2.24 Our intention was to introduce a more proportionate approach for smaller supervised persons. However, following further review, we concluded that removing the requirement to maintain compliance monitoring arrangements would create conflict with Article 11 of the MLO. Article 11 requires a supervised person to maintain appropriate and consistent policies and procedures relating to the monitoring and management of compliance.
- 2.2.25 We have therefore decided not to proceed with this proposal. Where a supervised person determines under Article 7(1A) that an MLCO is not necessary, compliance monitoring arrangements must still be in place. Responsibility for maintaining those arrangements rests with the governing body. They should be proportionate to the nature, scale, complexity, and risk profile of the business and must enable the supervised person to assess and demonstrate the effectiveness of their AML/CFT/CPF framework.
- 2.2.26 For smaller or lower-risk supervised persons, this does not necessarily mean establishing a formal or resource-intensive compliance monitoring programme. Instead, these businesses should ensure their arrangements are appropriate to their circumstances and capable of demonstrating that AML/CFT/CPF controls remain effective.

Question 5: Are the proposed changes to the Handbook sufficiently clear, and if not, in what areas would additional clarity or further guidance be helpful?

- 2.2.27 Respondents identified several areas where further clarity would be helpful. For the MLCO regime, these included the meaning of “appropriate” in the context of determining whether a supervised person should appoint an MLCO, the relationship between size and risk, required documentation, review frequency, trigger events and the allocation of responsibility for AML/CFT/CPF oversight and assurance where no MLCO is appointed.
- 2.2.28 Respondents asked for the Handbook to explain more clearly whether the AMLSP or the supervised person makes the non-appointment decision and how an MLCO may be supported by another individual, group function or external provider.

Our response

- 2.2.29 We appreciate the constructive feedback received on the clarity of the proposed guidance. We have used it to refine the drafting and supporting material.
- 2.2.30 As outlined in our responses to Questions 1 to 4, we have clarified:
- 2.2.30.1 the circumstances in which a supervised person may determine that the appointment of an MLCO is not needed under Article 7(1A), including the factors relevant to assessing size and risk;
 - 2.2.30.2 the governance, evidential and review expectations that apply where an MLCO is not appointed; and
 - 2.2.30.3 the continuing requirement for proportionate compliance monitoring arrangements.
- 2.31 We have also made targeted drafting amendments across Section 2.6 of the Handbook to improve clarity and consistency. These include refining the distinction between a senior management function and an individual operating at a senior management level, along with added guidance to support supervised persons in applying these concepts in practice.
- 2.32 We have further refined the drafting to clarify the circumstances under which a supervised person may determine that an MLCO appointment is not needed. The guidance confirms that no single factor determines the outcome. Rather, supervised persons should consider both size and risk, together with any other relevant factors, and document the rationale supporting their assessment. The Handbook also distinguishes the supervised person's responsibility for making and documenting that assessment from the role of an AMLSP or other service provider.
- 2.33 In response to feedback regarding the use of group resources or third-party support, additional clarification has been included to make clear that, where relevant, such arrangements may constitute outsourcing and will therefore be subject to the outsourcing requirements and expectations.
- 2.34 More broadly, we have reviewed all feedback and made several drafting adjustments to strengthen clarity, consistency and practical usefulness. These updates support supervised persons in understanding and fulfilling their regulatory obligations, while maintaining flexibility and proportionality within the risk-based framework.

Question 6: Would the proposed changes create any practical challenges for your governance arrangements and if so, how could this be addressed?

- 2.2.35 Some respondents anticipated no material challenge because they expected to retain an MLCO. Others identified uncertainty over who would perform operational AML/CFT/CPF tasks and how the board would gain assurance where no MLCO or compliance monitoring programme was in place.
- 2.2.36 Questions were also raised about board approval, independence, skills, reporting lines, escalation, external support, and whether a board member could act as MLCO. Respondents using group or outsourced models sought confirmation that oversight responsibilities could be separated from day-to-day monitoring activities.

- 2.2.37 TCB, fund and administered-entity respondents also noted the risk of commercial pressure to remove MLCO or monitoring services, which could lead to inconsistent approaches between competitors.

Our response

- 2.2.38 We appreciate respondents' practical observations regarding the governance implications of the proposals.
- 2.2.39 As outlined in our responses to questions 1 to 5, we have refined the proposals to clarify eligibility, governance expectations, accountability, and the circumstances in which flexibility not to appoint an MLCO may apply. We have also confirmed that compliance monitoring arrangements will remain a continuing requirement.
- 2.2.40 These changes aim to address the governance and operational concerns raised while preserving a proportionate, risk-based approach.
- 2.2.41 More broadly, we recognise the need to maintain clear accountability for AML/CFT/CPF compliance, regardless of how day-to-day activities are managed. The amendments made following consultation are designed to provide greater clarity and consistency while ensuring proportionality for supervised persons. We believe these updates address many of the practical concerns raised and will support more consistent application across the industry.

Reliance

Question 7: Does the guidance on taking 'adequate steps' provide sufficient clarity to support practical implementation? If not, please explain.

- 2.2.42 Respondents generally supported the changes to the Handbook made to reflect the removal of mandatory testing from the law.
- 2.2.43 Some respondents sought clarification on the new obligation for supervised persons to take 'adequate steps' and requested examples of when written assurance alone may be sufficient versus when additional measures may be required.
- 2.2.44 Respondents also queried whether the listed examples of additional measures could be interpreted as a checklist or as suggesting that testing should be the default approach in all but low-risk cases.

Our response

- 2.2.45 We note the broad support for a risk-based approach to the 'adequate steps' requirement, which allows supervised persons to assess the risks relating to a reliance arrangement and decide what steps are proportionate to those risks. To assist industry, we have streamlined and expanded the guidance on adequate steps, clarified when additional measures beyond written assurance may be appropriate, and confirmed that examples of such measures are illustrative only, not mandatory or exhaustive.
- 2.2.46 We have also confirmed that testing is not mandatory. It is one possible way for a supervised person to demonstrate that adequate steps have been taken, but alternative measures may be used where these are more appropriate to the risks associated with the reliance arrangement.
- 2.2.47 We have also updated the wording in Section 5 to refer to 'lower risk', ensuring consistency with terminology used elsewhere in the Handbook.

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?

- 2.2.48 Most respondents considered written assurance, supported by additional measures where necessary, to be an appropriate core mechanism to demonstrate that ‘adequate steps’ had been taken.
- 2.2.49 Some respondents suggested clarifying the examples of additional measures further, including that reviewing relevant laws and regulations is particularly relevant when the obliged person operates outside Jersey.

Our response

- 2.2.50 We acknowledge this feedback and have strengthened the guidance on written assurance and the ‘adequate steps’ requirement. The amended guidance now explains that, where reliance on the obliged person is assessed as lower risk, written assurance is sufficient to demonstrate that adequate steps have been taken.
- 2.2.51 Where the risk is assessed as other than lower risk, additional measures will be required. We have enhanced the supporting guidance and examples while making it clear, consistent with the principles-based nature of the regime, that it remains for the supervised person to determine what measures are appropriate in the circumstances.

Question 9: Do you agree with the proposed amendments to Appendix C written assurance template? If not, what additional changes would be beneficial?

- 2.2.52 The proposed amendments were broadly supported, but respondents asked for flexibility in how assurances are documented. Some requested that relationship-level or portfolio-level assurances covering multiple customers, and the use of equivalent international or group templates, be accepted where substantive requirements are met.
- 2.2.53 Some respondents observed that the template may be regarded as a prescribed requirement, rather than as an optional aid to compliance.

Our response

- 2.2.54 We appreciate respondents’ support for the proposed revisions to the written assurance template and their practical suggestions.
- 2.2.55 We recognise the wish to retain flexibility in documenting assurances, including through relationship-level, portfolio-level, or group-standard templates. Appendix C is intended only as an illustrative tool to assist supervised persons and is not a prescribed form or additional requirement.
- 2.2.56 We have revised the template to improve its clarity and flexibility. As an aid rather than a mandatory form, it may be adapted to suit different reliance relationships, including multiple-customer or portfolio arrangements, provided that statutory requirements continue to be met.

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.

- 2.2.57 Respondents supported a risk-based approach but sought clarity on frequency. Some noted that written assurances relate to the obliged person and the reliance arrangement, rather than to individual customer relationships. They therefore considered that the frequency of updates should depend on the risks of relying on the obliged person, not the supervised person's knowledge of individual customers.
- 2.2.58 Linked to feedback on Appendix C, respondents also sought guidance on updating portfolio-level assurances without the need to re-paper each individual customer.

Our response

- 2.2.59 We acknowledge the feedback about the interaction between legislative requirements and how written assurance arrangements operate in practice. We will continue discussions with the Government of Jersey on whether legislative amendments may be appropriate. Pending any legislative change, we have removed references in the Handbook to the frequency of obtaining updated written assurances.
- 2.2.60 As noted regarding Appendix C, we acknowledge feedback about multiple-customer or portfolio-level assurances. Appendix C remains a non-mandatory template that can be amended or adapted, provided the relevant statutory conditions are met.

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.

- 2.2.61 Views were divided. Several banks did not expect any major operational difficulty. However, respondents in the TCB, fund, professional-services, and administered-business sectors considered that a two-working-day requirement could be unrealistic for bulk requests, complex structures, information held across jurisdictions, or legacy systems.
- 2.2.62 While views were divided on the proposed two-working-day timeframe, most respondents who suggested an alternative considered five working days to be a more realistic and proportionate benchmark across a range of business models and circumstances.

Our response

- 2.2.63 After reviewing this feedback, we have amended the guidance to refer to five working days. This provides a more practical and proportionate benchmark across business models and sectors, while maintaining timely access to information.
- 2.2.64 We also recognise that exceptional cases may arise where information cannot reasonably be provided within five working days. In such cases, consistent with Handbook expectations, supervised persons should be able to show why a longer period was required and demonstrate that they acted promptly and reasonably to provide the information without delay.
- 2.2.65 Following this change, we have amended related guidance notes and provisions to ensure they remain clear, consistent, and reflective of a risk-based, outcomes-focused approach.

- 2.2.66 We consider this update balances the timely access to customer due-diligence information with the practical realities raised by respondents, without introducing overly rigid requirements.

Question 12: Is the guidance on the steps to be taken when reliance ceases sufficiently clear? If not, please explain.

- 2.2.67 Respondents primarily sought greater clarity on the practical consequences of reliance ceasing and the immediate actions expected of supervised persons when the statutory conditions are no longer met.
- 2.2.68 Respondents also asked whether a proportionate transition period could be allowed to obtain missing evidence, taking account of risks and the need for timely mitigation.

Our response

- 2.2.69 We note the requests for additional detail regarding the circumstances in which reliance ceases, particularly where the underlying business relationship continues, and the practical steps that should be taken in those situations.
- 2.2.70 Having considered the feedback, we consider that no further amendment to the Handbook is required on this point. Article 9B of the MLO establishes the circumstances in which reliance must cease. The Handbook must be consistent with those statutory requirements.
- 2.2.71 We have clarified that where the conditions for reliance are no longer satisfied, reliance must cease, but that this does not necessarily mean that the customer relationship(s) must be terminated. Rather, it means that the supervised person can no longer rely on the obliged person to meet the relevant customer due diligence requirements and must instead take responsibility for obtaining and maintaining the customer due diligence information and evidence required under the MLO.
- 2.2.72 We also note the requests for a transition period where reliance ceases. However, where the statutory conditions permitting reliance are no longer met, reliance must cease at that point. The action required thereafter, including the timing and manner in which customer due diligence information is obtained and any risk mitigation measures that may be necessary, should be informed by the circumstances of the case and the risks identified by the supervised person.

Question 13: What additional guidance, if any, would be helpful in relation to Group reliance?

- 2.2.73 Most respondents welcomed the changes made on group reliance. However, some indicated uncertainty about when group reliance (under Article 16A) should apply instead of 'standard' reliance under Article 16. Others requested clearer guidance on issues such as cross-border groups, shared service centres, centralised due-diligence systems, group compliance monitoring, and situations where legal or data-access restrictions limit immediate access to records.

Our response

- 2.2.74 We acknowledge that further clarification is helpful regarding the circumstances in which group reliance, rather than standard reliance, should be applied. We have updated the guidance to clarify that group reliance should only be used when the 'external' party does not meet the definition of an obliged person.
- 2.2.75 While respondents requested more examples and detailed guidance covering operational models, governance, and cross-border scenarios, we consider that addressing all such variations within the Handbook could reduce flexibility and increase complexity. Supervised persons remain responsible for ensuring that any group reliance arrangements comply with legislative requirements and that appropriate governance, oversight, and access arrangements are in place.

Cross-cutting feedback

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.

- 2.2.76 Respondents generally supported the direction of reform, favouring a proportionate and risk-based approach. Support was strongest for the reliance proposals and related Handbook changes aligning with the revised legislative framework, particularly the use of written assurance supported by additional risk-based measures.
- 2.2.77 Support for MLCO flexibility was more conditional. Respondents backed efforts to reduce burdens for smaller and lower-risk businesses but cautioned against over-reliance on size thresholds. Some also raised concerns that flexibility must not dilute the compliance monitoring requirements of Article 11 of the MLO.
- 2.2.78 Anticipated benefits included reduced duplication, more usable reliance arrangements, flexibility for small low-risk businesses and better alignment of resources with risk.

Our response

- 2.2.79 We welcome the broad support for the overall direction of these reforms and the recognition that a more proportionate, risk-based approach can deliver meaningful benefits. We note strong support for the proposed reliance framework and the greater emphasis on written assurances with supplementary risk-based measures where appropriate. These changes are expected to reduce duplication, improve practical operation of reliance arrangements, and help target oversight resources more effectively.
- 2.2.80 We also appreciate the constructive feedback provided in relation to the proposed MLCO changes. Respondents broadly supported the objective of providing greater flexibility for smaller and lower-risk supervised persons, while emphasising the importance of ensuring that risk remains a central consideration. We agree with this feedback and have amended the guidance to make it clearer that assessments should take account of both the size and the risk profile of the supervised person, together with other relevant factors, when determining whether the appointment of an MLCO is necessary.

- 2.2.81 We also acknowledge the feedback concerning the importance of clear and consistent application across sectors and the need to avoid unintended outcomes. While our objective is to reduce unnecessary burden where appropriate, we remain committed to ensuring that Jersey's regulatory framework continues to meet international standards and supports the Island's reputation as a well-regulated international finance centre.
- 2.2.82 We are grateful for the thoughtful and constructive engagement throughout this consultation. The feedback received will inform final drafting while ensuring that the Handbook continues to provide clear expectations and appropriate safeguards.

3 Next steps

As noted above, the revised sections to the Handbook are attached to this feedback paper. These changes will come into effect on **31 October 2026**, and our website will be updated on **2 November 2026**.

Appendix A: Handbook changes

Handbook appendix C assurance template

Handbook section 5 (reliance)

Handbook section 2.6 (MLCO)

Glossary

AIF Regulations	The Alternative Investment Funds (Jersey) Regulations 2012.
AML	Anti-Money Laundering
AML/CFT/CPF	Anti-money laundering/countering the financing of terrorism/countering proliferation financing.
AMLSP	Anti-money laundering service provider is the service provider appointed by an eligible supervised person in accordance with Article 9A of the Money Laundering (Jersey) Order 2008.
Banking Business Law	The Banking Business (Jersey) Law 1991
Board	The governing body of a supervised person. Depending on the legal structure, this may be a board of directors, partners or equivalent governing body.
BRA	Business risk assessment. Has the meaning set out in Article 1 of the Money Laundering (Jersey) Order 2008.
CDD	Customer due diligence.
Collective Investment Funds Law	The Collective Investment Funds (Jersey) Law 1988.
Designated Service Provider (DSP)	A person designated under applicable Jersey legislation to perform specified functions on behalf of another person or entity.
DNFBP	Designated Non-Financial Business and Professions as defined in the FATF glossary. Refers to activities/operations specified in Part 3 of Schedule 2 to the Proceeds of Crime (Jersey) Law 1999.
FATF	The Financial Action Task Force.
Financial Services Law (FSJL)	The Financial Services (Jersey) Law 1998.
FSB	Fund Services Business.
Group Reliance	An arrangement under Article 16A of the MLO permitting reliance on customer due diligence undertaken by a person within the same group in specified circumstances.
Handbook	The Handbook for the prevention and detection of money laundering, the countering of terrorist financing, and the countering of proliferation financing for regulated Financial Services Business.
Insurance Business Law	The Insurance Business (Jersey) Law 1996.

Managed Entity	An entity whose day-to-day administration or management is undertaken by another regulated service provider.
MLCO	Money Laundering Compliance Officer, as described in Article 7 of the Money Laundering (Jersey) Order 2008.
MLRO	Money Laundering Reporting Officer, as described in Article 8 of the Money Laundering (Jersey) Order 2008.
MLO	The Money Laundering (Jersey) Order 2008.
NRA	National Risk Assessment. Jersey's assessment of money laundering, terrorist financing and proliferation financing risks.
Obligated Person	Has the meaning given in Article 1 of the Money Laundering (Jersey) Order 2008.
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): a domestic politically exposed person; a foreign politically exposed person; or a prominent person
Reliance	The mechanism by which a supervised person may rely on specified customer due diligence measures undertaken by an obliged person, subject to statutory conditions.
Schedule 2 business	Business falling within Schedule 2 to the Proceeds of Crime (Jersey) Law and therefore subject to AML/CFT/CPF obligations.
SPV	Special Purpose Vehicle. An entity established for a specific purpose, e.g., to act as a Governing body of a specific fund.
Supervised person	Defined in Article 1 of the Supervisory Bodies Law and covers all those persons that are required to comply with the Money Laundering Order (referred to in the Money Laundering Order as “relevant persons”). References in the Handbook where legislation is quoted, summarised, or paraphrased will be to relevant persons, to align with the Money Laundering Order. Note: Directors registered as TCSPs but who are not TCBs are subject to reduced requirements as per the Exemption Order.
Trust company business (TCB)	Subject to any Order under Article 4 of the FS(J) Law, has the meaning given at Article 2(3) of the FS(J) Law. Persons carrying on Trust Company Business may also be referred to as “Trust and company service providers” or “TCSPs”.
TCSP (Trust and Company Service Provider)	As defined in the FATF glossary and refers to activities/operations specified in paragraph 23 of Part 3 of Schedule 2 to the Proceeds of Crime Law.
TF	Terrorist Financing.
VASP	Virtual Asset Service Provider. Has the meaning given in paragraph 24 of Part 4 of Schedule 2 to the Proceeds of Crime

	(Jersey) Law 1999. To assist with the interpretation of VASP activities and operations, refer to the Handbook Guidelines.
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