

4 IDENTIFICATION AND VERIFICATION OF IDENTITY

4.1 OVERVIEW OF SECTION

1. The purpose of this section of the Handbook is to [determine](#) the identification information to be requested when establishing a business relationship or carrying out a one-off transaction, the information to be verified, and how that information is to be verified. This section also sets out exceptions and concessions to these general requirements, which apply in certain scenarios.
2. Guidance is also given on the timing of verification measures and on what to do where it is not possible to complete identification or verification of identity.
3. Identification and verification requirements (referred to in the [Money Laundering Order](#) as “**identification measures**”) apply at the outset of a business relationship or one-off transaction, where there is suspicion of money laundering or financing of terrorism, or where there is some doubt as to the veracity or adequacy of documents, data or information that are already held (including the circumstances set out in 4 below).
4. In particular, identification and verification requirements will apply when there is a:
 - change in identification information of a customer;
 - change in beneficial ownership and control of a customer; or
 - change in the third parties (or beneficial ownership or control of third parties) on whose behalf an applicant or customer acts.
5. An applicant for business may be an individual (see [Section 4.3](#)), trustee of an express trust (see [Section 4.4](#)), or a legal body (including companies and foundations (both of which are bodies corporate when incorporated in Jersey), anstalts, partnerships, associations, or any similar bodies that can establish a business relationship with a relevant person or otherwise own property) (see [Section 4.5](#)) seeking to enter into a business relationship or to conduct a one-off transaction - as principal or on behalf of a third party (see [Section 4.7](#)).
6. This section should be read and understood in conjunction with [Sections 3 and 5](#), which also address [CDD](#) requirements.
7. Throughout this section, references to an “applicant for business” or “applicant” relate to a prospective customer, and references to a “customer” relate to a person with whom a business relationship has been formed or one-off transaction conducted.

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4.2 OBLIGATION TO IDENTIFY AND VERIFY IDENTITY OF APPLICANT FOR BUSINESS

OVERVIEW

8. Determining that an applicant for business is the person that he, she, or it claims to be is a combination of being satisfied that:
 - a person exists - on the basis of appropriate identification information; and
 - the applicant for business is that person - by verifying from reliable, independent source documents, data or information, satisfactory confirmatory evidence of appropriate components of the applicant’s identity.

9. Evidence of identity can take a number of forms. In respect of individuals, much weight is placed on identity documents and these are often the easiest way of providing evidence as to someone's identity. It is, however, possible to be satisfied as to a customer's identity by obtaining other forms of confirmation, including, in appropriate circumstances, written assurances from persons or organisations that have dealt with the customer for some time.
10. How much identification information to ask for, what to verify, and how to verify it in order to be satisfied as to a customer's identity, will depend on the risk assessment for that customer (refer to [Section 3.3](#)).
11. When verifying identity, a relevant person will need to be prepared to accept a range of documents, and may also wish to use independent data sources to verify information.

STATUTORY REQUIREMENTS

12. [Article 13](#) of the Money Laundering Order requires identification measures to be conducted in respect of an applicant for business and any third parties for whom the applicant is acting (reasonable measures to verify identity in the case of the latter). Where the applicant (or any third party) is not an individual, [Article 13](#) also requires beneficial owners and controllers of the applicant (or third parties) to be identified and reasonable measures to be taken to verify their identity.
13. For persons who are not individuals, [Article 2](#) of the Money Laundering Order describes:
 - beneficial owners as individuals with ultimate beneficial ownership of that person; and
 - beneficial controllers as individuals who ultimately control that person or otherwise exercise control over the management of that person.
14. The description of a beneficial owner or controller will apply whether the individual satisfies the description alone or jointly with other persons.
15. [Article 2](#) of the Money Laundering Order provides that no individual is to be treated as a beneficial owner of a person that is a body corporate, the securities of which are listed on a regulated market.
16. [Article 3](#) of the Money Laundering Order defines what is meant by [CDD](#) measures and provides that identification of a person involves:
 - obtaining information about identity; and
 - verification of that information.
17. Verification evidence is satisfactory if, on the basis of documents, data or information from a reliable and independent source, it is reasonably capable of [verifying](#) that the applicant for business or customer (and others) is who he is said to be and the person conducting verification is satisfied that it does establish that fact.
18. Where the person to be identified is not physically present when identification measures are carried out, [Article 15\(3\)](#) of the Money Laundering Order requires that the [CDD](#) measures must take into account the greater risk that is posed.
19. [Article 13\(1\)](#) of the Money Laundering Order requires identification measures to be applied before the establishment of a business relationship or before carrying out a one-off transaction, except where [Article 13\(4\) and \(5\)](#) apply. It also requires identification measures to be applied where the relevant person suspects money laundering or the financing of terrorism or has doubts about the veracity or adequacy of documents, data or information previously obtained under [CDD](#) measures.

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20. *Article 13(4) provides for verification of identity of a person to be completed as soon as reasonably practicable after the establishment of a business relationship if:*
 - *this is necessary not to interrupt the normal conduct of business; and*
 - *there is little risk of money laundering occurring as a result of completing such verification after the establishment of that relationship.*
21. *Where there is a change in the beneficial owners or controllers of a customer, Article 13(1)(c)(ii) of the Money Laundering Order requires that the new beneficial owners or controllers are identified and that reasonable measures are taken to verify their identity.*
22. *Article 13 of the Money Laundering Order also requires a relevant person to identify and to take reasonable measures to verify the identity of persons purporting to be authorised to act on behalf of a customer and to verify the authority of any persons purporting so to act.*

4.3 IDENTIFICATION AND VERIFICATION: INDIVIDUALS

OVERVIEW

23. The following requirements are relevant to situations where an individual is the applicant for business or where the applicant for business is more than one individual, such as a husband and wife opening a joint account.
24. They also apply to situations where an individual is a beneficial owner or controller of an applicant for business, is acting on behalf of an applicant for business (e.g. is acting according to a power of attorney, or who has signing authority over an account), or is a third party (underlying customer) on whose behalf an applicant for business is acting (see [Section 4.7](#)).

4.3.1 [Finding out](#) identity

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REGULATORY REQUIREMENTS

25. A relevant person must collect relevant identification information on an individual.

GUIDANCE NOTES

26. A relevant person may demonstrate collection of relevant identification information where it requests, receives and keeps up to date the following:

All customers
<ul style="list-style-type: none">• Legal name, any former names (such as maiden name) and any other names used.• Principal residential address.• Date of birth.
Standard and higher risk: additional information
<ul style="list-style-type: none">• Place of birth.• Nationality.• Sex.• Government issued personal identification number or other government issued unique identifier.

4.3.2 Verifying identity

REGULATORY REQUIREMENTS

27. A relevant person must verify the identity of the individual.
28. Where a particular aspect of an individual's identity subsequently changes (such as following marriage, change of nationality, or change of address), a relevant person must take reasonable measures to re-verify that particular aspect of identity of the individual.
29. All key documents (or parts thereof) used to verify identity must be understandable (i.e. in a language understood by the employees of the business), and must be translated into English at the request of the JFCU or the Commission.

GUIDANCE NOTES

30. A relevant person may demonstrate that it has verified the identity of an individual where it verifies the following components:

Lower risk – information to be verified
<ul style="list-style-type: none"> • Legal name, any former names (such as maiden name) and any other names used, and • Principal residential address or date of birth. <p>using at least one identification verification method (see paragraph 31).</p>
Standard risk – information to be verified
<ul style="list-style-type: none"> • Legal name, any former names (such as maiden name) and any other names used; • Principal residential address; • Date of birth; • Place of birth; • Nationality; and • Sex. <p>using at least two identification verification methods (see paragraph 31).</p>
Higher risk – information to be verified
<ul style="list-style-type: none"> • Legal name, any former names (such as maiden name) and any other names used; • Principal residential address; • Date of birth; • Place of birth; • Nationality; • Sex; and • Government issued personal identification number or other government issued unique identifier. <p>using at least two identification verification methods (see paragraph 31).</p> <p>Refer to Section 3.4 for enhanced CDD measures for higher risk relationships.</p>

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31. Components of identity may be verified using the following:

All customers – identification verification methods
<p>General identification information:</p> <ul style="list-style-type: none">• Current passport - providing photographic evidence of identity.• Current national identity card - providing photographic evidence of identity.• Current driving licence - providing photographic evidence of identity - where the licensing authority carries out a check on the holder's identity before issuing.• Independent data sources (including electronic sources). (Refer to Section 4.3.3).
<p>Residential address:</p> <ul style="list-style-type: none">• Correspondence from a central or local government department or agency (e.g. States and parish authorities).• A letter of introduction confirming residential address from: (i) a relevant person that is regulated by the Commission; (ii) a regulated financial services business which is operating in a well-regulated country or territory; or (iii) a branch or subsidiary of a group headquartered in a well-regulated country or territory which applies group standards to subsidiaries and branches worldwide, and tests the application of, and compliance with, such standards.• Personal visit to residential address.• A bank statement or utility bill.• Tenancy contract or agreement.• One of the general identification information sources listed above.
<p>Lower risk</p>
<p>Where the above general identification information methods are not possible, identity may be verified using:</p> <ul style="list-style-type: none">• A Jersey driving licence; or• A birth certificate in conjunction with:<ul style="list-style-type: none">• a bank statement or a utility bill;• documentation issued by a government source; or• a letter of introduction from a relevant person that is regulated by the Commission.

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32. Verification methods provide evidence of identity from a number of sources. These sources may differ in their integrity, reliability and independence. For example, some identification documents are issued after due diligence on an individual's identity has been undertaken, for example passports and national identity cards; others are issued on request, without any such checks being carried out. A relevant person should recognise that some documents are more easily forged than others.
33. Additionally, verification methods incorporating photographic confirmation of customer identity provide a higher level of assurance that an individual is the person who he or she claims to be.
34. Where a relevant person is not familiar with the form of the evidence obtained to verify identity, appropriate measures may be necessary to satisfy itself that the evidence is genuine.
35. When applying reasonable measures to the re-verification of identity following a change in a particular aspect of identity, e.g. a change of address, a relevant person may apply a risk based approach which focuses on higher risk customers.
36. In determining whether a [country or territory](#) is well-regulated, a relevant person may have regard to:

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- the development and standing of the [country or territory's](#) regulatory framework; and
- recent independent assessments of its regulatory environment, such as those conducted and published by the IMF.

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37. Where components of identity are verified through use of a passport, national identity card, or driving licence, which subsequently expires, then, in the absence of other risk factors, no further verification is necessary.

4.3.3 Independent data sources

OVERVIEW

38. Independent data sources can provide a wide range of confirmatory material on an applicant for business or customer, and are becoming increasingly accessible, for example, through improved availability of public information and the emergence of commercially available data sources such as electronic databases and research firms. Sources include:
- Registers of electors.
 - Telephone directories.
 - Credit reference agency checks.
 - Business information services.
 - Electronic checks provided by commercial agencies.
39. Where a relevant person is seeking to verify identity using an independent data source, whether by accessing the source directly or by using an independent third party organisation (such as a credit reference agency), an understanding of the depth, breadth and quality of the data is important in order to determine that the method of verification does in fact provide satisfactory evidence of identity.

REGULATORY REQUIREMENTS

40. Where a relevant person intends to use independent data sources to verify components of identity, it must ensure that:
- The source, scope and quality of the data are satisfactory. At least two matches of each component of an individual's identity (see [Section 4.3.2](#)) must be obtained.
 - Processes allow the relevant person to capture and record the information used to verify identity.
41. The level of satisfaction required will depend on the extent that a relevant person relies on the independent data sources to obtain satisfactory evidence of identity.

GUIDANCE NOTES

42. Where a relevant person intends to use data held by independent third party organisations to verify identity, the business may demonstrate that data is satisfactory where the organisation is registered with a data protection agency in the EEA (or with an agency in a [country or territory](#) that has similar data protection provisions to the EEA), and where the organisation:
- uses a range of positive information sources that can be called upon to link an applicant to both current and historical data;

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- accesses negative information sources such as databases relating to fraud and deceased persons;
- accesses a wide range of alert data sources; and
- has transparent processes that enable a relevant person to know what checks have been carried out, what the results of these checks were and to be able to determine the level of satisfaction provided by those checks.

4.3.4 Guarding against the financial exclusion of Jersey residents

OVERVIEW

43. On occasions, an individual may be unable to provide evidence of identity using the verification sources set out at [Section 4.3.2](#). Examples of such individuals include:
- Seasonal workers whose principal residential address is not in Jersey.
 - Individuals living in Jersey in accommodation provided by their employer, with family (for example in the case of minors), or in care homes, who may not pay directly for utility services.
 - Jersey students living in university, college, school, or shared accommodation, who may not pay directly for utility services.
 - Minors.

REGULATORY REQUIREMENTS

44. A relevant person must determine that there is a valid reason for an applicant for business being unable to satisfy its more usual verification requirements, and must document that reason.

GUIDANCE NOTES

45. In the case of a lower risk minor, whose parent or guardian is unable to produce more usual documentation to verify the minor's identity, and who would otherwise be excluded from accessing financial services and products, identity may be [verified](#) with a birth certificate.
46. In other cases, where a lower risk individual has a valid reason for being unable to produce more usual documentation to verify identity, and would otherwise be excluded from accessing financial services and products, identity may be [verified](#) by:
- A letter from the head of the household at which the individual resides confirming that the applicant lives at that Jersey address, setting out the relationship between the applicant and the head of household, together with evidence that the head of household resides at the address.
 - A letter from a Jersey nursing home or residential home for the elderly, which a relevant person is satisfied that it can place reliance on, confirming residence of the applicant.
 - A letter from a Jersey employer, which a relevant person is satisfied that it can place reliance on, [that](#) confirms residence at a stated Jersey address, and indicates the expected duration of employment. In the case of a seasonal worker, the worker's principal residential address in his country of origin should also be obtained.
 - A letter from a principal of a university or college, which a relevant person is satisfied that it can place reliance on, that confirms residence at a stated address. In the case of a Jersey

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student studying outside the Island, a residential address in Jersey should also be obtained.

47. Confirmatory letters should be written on appropriately headed notepaper.

4.3.5 Verification of residential address of overseas residents

OVERVIEW

48. On occasions, an individual that resides abroad may be unable to provide evidence of his principal residential address using the verification methods set out at [Section 4.3.2](#). Examples of such individuals include residents of countries without postal deliveries and few street addresses, who rely upon post office boxes or employers for delivery of mail, and residents of countries where, due to social restraints, private addresses may not be verified by personal visits.
49. It is essential for law enforcement purposes that a record of an individual's residential address (or details of how that individual's place of residence may be reached) be recorded. As a result, it is not acceptable only to record a post office box number as an address, or to fail to take steps to verify that a residential address is valid where required by this Handbook.

REGULATORY REQUIREMENTS

50. A relevant person must determine that there is a valid reason for an applicant for business being unable to satisfy its more usual verification of address requirements, and must document that reason.
51. Where alternative methods to verify address are relied on, a relevant person must consider whether enhanced monitoring of activity and transactions is appropriate.

GUIDANCE NOTES

52. Where an individual has a valid reason for being unable to produce more usual documentation to verify residential address, ~~an~~ address may be ~~verified~~ by:
- ~~Use~~ of a "locator" address - a locator address is an address at which it would normally be possible to physically meet or contact an individual (with or without prior arrangement), for example, an individual's place of work.
 - A written confirmation received from an individual satisfying the criteria for a suitable certifier - [Section 4.8.1](#) - that confirms residential address and that the certifier has visited the individual at that address.

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4.4 IDENTIFICATION AND VERIFICATION: TRUSTEES AND EXPRESS TRUSTS

OVERVIEW

53. There is a wide variety of trusts ranging from large, nationally and internationally active organisations subject to a high degree of public scrutiny and transparency, through to trusts set up under testamentary arrangements and trusts established for wealth management purposes.
54. Express trusts cannot form business relationships or carry out one-off transactions themselves. It is the trustee of the trust who will enter into a business relationship or carry out the one-off transaction on behalf of the trust and who will be considered to be the applicant for business (i.e. the trustee is acting on behalf of a third party – the trust and the individuals concerned with the trust).
55. In forming a relationship or carrying out a one-off transaction with a trustee, a relevant person will be dependent on information supplied by the trustee relating to the trust and the individuals concerned with the trust. When determining the risk assessment for an express trust

(Section 3.3), the risk factors set out in Section 3.3.4.1 and Section 4.10.1 will be relevant. In addition, the monitoring measures maintained by a relevant person (Section 5) may provide additional comfort that relevant and up to date identification and relationship information has been provided.

56. The following requirements are relevant to situations where a trustee of an express trust is the applicant for business. Where the trustee of an express trust is a relevant person that is a regulated person (defined in Article 1 of the Money Laundering Order) or is a person who carries on equivalent business to any category of regulated business, the concession set out in Section 4.9.1 will be relevant. Where the trustee of an express trust is a relevant person that is overseen for AML/CFT compliance in Jersey or is a person who carries on an equivalent business (see Section 1.7), the concession set out in Section 4.10 (for the individuals concerned with the trust) will also be relevant.
57. These requirements also apply to situations where a trustee is a beneficial owner or controller of an applicant for business, or is a third party (underlying customer) on whose behalf an applicant for business is acting.
58. The requirements where an applicant for business is wishing to settle a trust are covered in a sector specific section for trust company business.
59. Notwithstanding the requirement to obtain and verify information in relation to the trustee, the trust and those individuals who are concerned with the trust, a relevant person is not expected to collect information on the detailed terms of the trust, nor rights of the beneficiaries.

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4.4.1 Finding out identity

REGULATORY REQUIREMENTS

60. A relevant person must collect relevant identification information on the trustee(s) and on the express trust (and any subsequent changes).
61. A relevant person must collect relevant identification information on the individuals who are concerned with the trust (and any subsequent changes).

GUIDANCE NOTES

62. A relevant person may demonstrate the collection of relevant identification information where it requests and receives from the trustee(s): (i) the following information; and (ii) certain assurances.

All customers

- Name of trust.
- Date of establishment.
- Official identification number (e.g. tax identification number or registered charity or non-profit organisation number).
- Identification information of trustee(s) - in line with guidance for individuals and legal bodies.
- Mailing address of trustee(s).
- Identification information of settlor(s)² - in line with guidance for individuals and legal bodies.
- Identification information of protector(s) - in line with guidance for individuals and legal bodies.

² The settlors of a trust include the initial settlors and any persons subsequently settling funds into a trust.

Standard and higher risk – additional information

- Identification information on beneficiaries with a vested right - in line with guidance for individuals and legal bodies.
- Identification information on any other beneficiaries and persons who are the object of a power and that have been identified as presenting higher risk - in line with guidance for individuals and legal bodies.

Refer to [Section 3.4](#) for enhanced [CDD measures](#) for higher risk relationships.

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63. The assurances are that the trustee(s) has provided all of the information requested, and that the trustee(s) will update the information provided in the event of subsequent change.

4.4.2 Verifying identity**REGULATORY REQUIREMENTS**

64. A relevant person must verify the name and date of establishment of the express trust. Whilst there is no requirement to review an existing trust instrument (or similar instrument) as a whole, satisfactory evidence of the appointment of the trustee(s), and the nature of his duties must be obtained.
65. A relevant person must verify the identity of the trustee(s) of the express trust and any subsequent change in trustee(s) (in line with guidance for individuals and legal bodies).
66. A relevant person must take reasonable measures to verify the identity of the individuals who are concerned with the express trust (as set out at [Section 4.4.1](#)) and any subsequent changes (in line with guidance for individuals and legal bodies).
67. In the case of a standard or higher risk relationship, a relevant person must take reasonable measures to verify the identity of a beneficiary with a vested right at the time of or before distribution of trust property or income.
68. In the case of a standard or higher risk relationship, a relevant person must take reasonable measures to verify the identity of any other beneficiaries and persons who are the object of a power and that have been identified as presenting higher risk, at the time that the risk is identified.
69. All key documents (or parts thereof) used to verify identity must be understandable (i.e. in a language understood by the employees of the business), and must be translated into English at the request of the JFCU or the Commission.

GUIDANCE NOTES

70. [Having determined that it is appropriate to place reliance \(in line with paragraph 55\), a relevant person may demonstrate that it has taken reasonable measures to verify the identity of an individual concerned with a trust when it obtains copies of documents that are listed in paragraph 31 from a regulated trust and company services provider, along with confirmation on certain matters.](#)
71. [Those matters to be confirmed are that:](#)
- [documentation is still "current" \(i.e. it has not expired or been superseded\);](#)
 - [the regulated trust and company services provider has seen the original document that it has copied to the relevant person, or the document that has been copied to the relevant person was provided to the regulated trust and company services provider by a suitable certifier; and](#)

- [the document provided to the relevant person is a true copy of a document that is held by the regulated trust and company services provider.](#)
72. [Otherwise, where a relevant person seeks to verify the identity of individuals who are concerned with a trust on a non-face to face basis, reference should also be made to the guidance set out in \[Section 4.8\]\(#\) for non-face to face identification and verification.](#)
73. For higher risk relationships, also refer to [Section 3.4](#) for enhanced [CDD measures](#).
74. Where a relevant person is not familiar with the form of the evidence obtained to verify identity, appropriate measures may be necessary to satisfy itself that the evidence is genuine.

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4.5 IDENTIFICATION AND VERIFICATION: LEGAL BODIES

OVERVIEW

75. The following requirements are relevant to situations where a legal body is the applicant for business.
76. The requirements also apply to situations where a legal body is a beneficial owner or controller of an applicant for business, or is a third party (underlying customer) on whose behalf an applicant for business is acting.
77. For the purpose of this section, a legal body includes companies and foundations (both of which are bodies corporate when incorporated in Jersey), anstalts, partnerships, associations, or any similar bodies that can establish a business relationship with a relevant person or otherwise own property. For the purposes of this section, it also includes incorporated and unincorporated clubs, societies, charities, church bodies, institutes, mutual and friendly societies, co-operative and provident societies.
78. The identification measures to be applied to a legal body that is not a foundation are set out in Sections [4.5.1](#) and [4.5.2](#). The identification measures to be applied to a legal body that is a foundation are set out in Sections [4.5.3](#) and [4.5.4](#). For the avoidance of doubt, the identification measures that are to be applied to a foundation that is a charity are those set out in Sections [4.5.1](#) and [4.5.2](#).
79. Where identification information relating to a legal body is not available from a public source, a relevant person will be dependent on the information that is supplied by the legal body. When determining the risk assessment for a legal body ([Section 3.3](#)), the risk factors set out in [Section 3.3.4.1](#) will be relevant. The risk factors set out in [Section 4.10.1](#) are also relevant to the risk assessment for a legal body where information and evidence of identity are obtained through a trust and company service provider. In addition, the monitoring measures maintained by a relevant person ([Section 5](#)) may provide additional comfort that relevant and up to date identification and relationship information has been provided.
80. Where a director (or equivalent) of a legal body holds this role by virtue of his employment by (or position in) a business that is a regulated Jersey trust company, the concession set out in paragraph [1](#) of [Section 4.5.2](#) (verification of director's identity) will be relevant. Similar provision is made for a council member of a foundation at paragraph [114](#) of [Section 4.5.4](#).
81. [Article 2](#) of the Money Laundering Order, which describes those persons to be considered to be beneficial owners of a body corporate, provides that no individual is to be treated as a beneficial owner of a person that is a body corporate, the securities of which are listed on a regulated market. In the case of an applicant for business that is a subsidiary of such a body corporate, this provision means that there will be no need to identify or verify the identity of the [owners](#) of the shares of the holding body corporate. The obligation to identify [and verify the identity of](#) individuals with ultimate effective control over the body [corporate's](#) assets (or as otherwise provided for lower risk relationships) remains. Guidance published by the UK's Joint

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Money Laundering Steering Group on what may be considered to be a regulated market can be found under [Guidance on Equivalent Markets](#).

82. The requirements where an applicant for business is wishing to incorporate a company or foundation are covered in a sector specific section for trust company business.

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4.5.1 Finding out identity (except foundations)

REGULATORY REQUIREMENTS

83. A relevant person must collect relevant identification information on a legal body (and any subsequent changes).
84. A relevant person must collect relevant identification information on the beneficial owners and controllers of the legal body (and any subsequent changes).

GUIDANCE NOTES

85. A relevant person may demonstrate collection of relevant identification information where it requests and receives from the legal body: (i) the following information; and (ii) certain assurances.

All customers
<ul style="list-style-type: none"> • Name of body. • Any trading names. • Date and country of incorporation/registration. • Official identification number. • Registered office address. • Mailing address (if different). • Principal place of business/operations (if different). • Names of all directors (or equivalent). • Identification information of directors (or equivalent) who have authority to operate a relationship or to give the relevant person instructions concerning the use or transfer of funds or assets - in line with guidance for individuals. • Identification information of individuals ultimately holding a 25% or more interest in the capital of the legal body - in line with guidance for individuals and trustees.
Standard and higher risk – additional information
<ul style="list-style-type: none"> • Identification information of individuals with ultimate effective control over the legal body's assets, including the individuals comprising the mind and management of the legal body, e.g. directors - in line with guidance for individuals. • Identification information of individuals ultimately holding a material interest in the capital of the legal body - in line with guidance for individuals and trustees.
<p>Refer to Section 3.4 for enhanced CDD measures for higher risk relationships.</p>

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86. Where information is not available from public sources, the assurances are that the directors (or equivalent) of the legal body have provided all of the information requested, and that the directors (or equivalent) will update the information provided in the event of subsequent change.
87. For lower risk relationships, a general threshold of 25% is considered to indicate a material interest in the capital of a legal body. Whilst this principle may also apply to standard and

higher risk relationships, where the distribution of interests is uneven the percentage where effective control may be exercised (a material interest) may be less than 25% when the distribution of other interests is taken into account, i.e. interests of less than 25% may be material interests.

4.5.2 Verifying identity (except foundations)

REGULATORY REQUIREMENTS

88. A relevant person must verify the identity of the legal body.
89. A relevant person should take reasonable measures to verify the beneficial owners and controllers of the legal body and any subsequent changes in beneficial ownership and control (in line with guidance for individuals and trustees).
90. All key documents (or parts thereof) used to verify identity must be understandable (i.e. in a language understood by the employees of the business), and must be translated into English at the request of the JFCU or the Commission.

GUIDANCE NOTES

91. A relevant person may demonstrate that it has verified the identity of a legal body where it verifies the following components:

All customers
<ul style="list-style-type: none"> Name of body. Date and country of incorporation/registration. Official identification number.
Standard and higher risk – additional verification
<ul style="list-style-type: none"> Registered office address. Principal place of business/operations (where different to registered office).

92. Components of identity may be verified using one or more of the following verification methods:

Lower risk – minimum one verification method
Standard and higher risk – minimum two verification methods
<ul style="list-style-type: none"> Certificate of incorporation (or other appropriate certificate of registration or licensing). Memorandum and Articles of Association (or equivalent). Company registry search, including confirmation that body is not in the process of being dissolved, struck off, wound up or terminated. Latest audited financial statements. Independent data sources, including electronic sources, e.g. business information services. Personal visit to principal place of business (standard or higher risk only).
Refer to Section 3.4 for enhanced CDD measures for higher risk relationships.

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93. A relevant person may demonstrate that it has taken reasonable measures to verify the beneficial owners and controllers of the legal body where it verifies the identity of the following:

All customers
<ul style="list-style-type: none"> Those directors (or equivalent) who have authority to operate a relationship or to give the relevant person instructions concerning the use or transfer of funds or assets - in line with guidance for individuals.
Standard and higher risk
<ul style="list-style-type: none"> Individuals with ultimate effective control over the legal body's assets, including the individuals comprising the mind and management of the legal body, e.g. directors - in line with guidance for individuals. Individuals ultimately holding a material interest in the capital of the legal body - in line with guidance for individuals and trustees.
Refer to Section 3.4 for enhanced CDD measures for higher risk relationships.

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94. Individuals having ultimate effective control over a legal body will often include directors or equivalent. In the case of partnerships, associations, clubs, societies, charities, church bodies, institutes, mutual and friendly societies, co-operative and provident societies, this will often include members of the governing body or committee plus executives.

95. Having determined that it is appropriate to place reliance (in line with paragraph 79), a relevant person may demonstrate that it has taken reasonable measures to verify the identity of beneficial owners and controllers when it obtains copies of documents that are listed in paragraph 31 from a regulated trust and company services provider that administers the company, along with confirmation on certain matters.

96. Those matters to be confirmed are that:

- documentation is still "current" (i.e. it has not expired or been superseded);
- the regulated trust and company services provider has seen the original document that it has copied to the relevant person, or the document that has been copied to the relevant person was provided to the regulated trust and company service provider by a suitable certifier; and
- the document provided to the relevant person is a true copy of a document that is held by the regulated trust and company services provider.

97. Otherwise, where a relevant person seeks to verify the identity of beneficial owners and controllers on a non-face to face basis, reference should also be made to the guidance set out in [Section 4.8](#) for non-face to face identification and verification.

98. Where a relevant person is not familiar with the form of the evidence obtained to verify identity, appropriate measures may be necessary to satisfy itself that the evidence is genuine.

99. Where a director (or equivalent) holds this role by virtue of his employment by (or position in) a business that is a regulated Jersey trust company, a relevant person may demonstrate that it has taken reasonable measures to identify that person and to verify his identity where it obtains the following:

- the full name of the director; and
- an assurance from the trust company that the individual is an officer or employee.

Deleted: <#>Where a relevant person verifies the identity of beneficial owners and controllers on a remote basis, reference should be made to the requirements and guidance set out in [Section 4.8](#) for non-face to face identification and verification.¶

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4.5.3 [Finding out](#) identity – foundations (except charities)

REGULATORY REQUIREMENTS

100. A relevant person must collect relevant identification information on a foundation (and any subsequent changes).
101. A relevant person must collect relevant identification information on the persons who are concerned with the foundation (and any subsequent changes).

GUIDANCE NOTES

102. A relevant person may demonstrate collection of relevant identification information where it requests and receives from the foundation: (i) the following information; and (ii) certain assurances.

All customers
<ul style="list-style-type: none">• Name of foundation.• Date and country of incorporation.• Official identification number.• Business address. In the case of a foundation incorporated under the Foundations (Jersey) Law 2009, this will be the business address of the qualified member of the council.• Mailing address (if different).• Principal place of business/operations (if different).• Names of all council members and, if any decision requires the approval of any other person, the name of that person.• Identification information for all council members who have authority to operate a relationship or to give the relevant person instructions concerning the use or transfer of funds or assets - in line with guidance for individuals and legal bodies.• Identification information for the founder, a person (other than the founder of the foundation) who has endowed the foundation, and, if any rights a founder of the foundation had in respect of the foundation and its assets have been assigned to some other person, that person - in line with guidance for individuals and legal bodies.
<ul style="list-style-type: none">• Identification information for the guardian - in line with guidance for individuals and legal bodies. The guardian of a foundation takes such steps as are reasonable to ensure that the council of the foundation carries out its functions.
Standard and higher risk – additional information
<ul style="list-style-type: none">• Identification information for all council members and, if any decision requires the approval of any other person, that person - in line with guidance for individuals and legal bodies.• Identification information on any beneficiary entitled to a benefit under the foundation in accordance with the charter or the regulations of the foundation - in line with guidance for individuals and legal bodies.• Identification information on any other beneficiary and person in whose favour the council may exercise discretion under the foundation in accordance with its charter or regulations <u>and that have been identified as presenting higher risk</u> - in line with guidance for individuals and legal bodies.
Refer to Section 3.4 for enhanced CDD measures for higher risk relationships.

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103. Where information is not available from public sources, the assurances are that the council members have provided all of the information requested and that the council members will update the information provided in the event of subsequent change.

4.5.4 Verifying identity – foundations (except charities)

REGULATORY REQUIREMENTS

104. A relevant person must verify the identity of the foundation.
105. A relevant person should take reasonable measures to verify the identity of persons who are concerned with the foundation and any subsequent changes of persons who are concerned with the foundation (in line with guidance for individuals and legal bodies).
106. All key documents (or parts thereof) used to verify identity must be understandable (i.e. in a language understood by the employee of the business), and must be translated into English at the request of the JFCU or the Commission.

GUIDANCE NOTES

107. A relevant person may demonstrate that it has verified the identity of a foundation where it verifies the following components:

All customers
<ul style="list-style-type: none"> Name of foundation. Date and country of incorporation. Official identification number.
Standard and higher risk-additional verification
<ul style="list-style-type: none"> Business address. Principal place of business/operations (if different).

108. Components of identity may be verified using one or more of the following verification methods:

Lower risk – minimum one verification method
Standard and higher risk – minimum two verification methods
<ul style="list-style-type: none"> Charter (or equivalent). Registry search. Latest audited financial statements. Independent data sources, including electronic sources. Commission website (for the business address of the qualified member of the council).
Refer to Section 3.4 for enhanced CDD measures for higher risk relationships.

Deleted: due diligence requirements

109. A relevant person may demonstrate that it has taken reasonable measures to verify the identity of persons who are concerned with the foundation where it verifies the identity of the following:

All customers
<ul style="list-style-type: none"> • Council members who have authority to operate a relationship or to give the relevant person instructions concerning the use or transfer of funds or assets – in line with guidance for individuals and legal bodies. • Founder, a person (other than the founder of the foundation) who has endowed the foundation, and, if any rights a founder of the foundation had in respect of the foundation and its assets have been assigned to some other person, that person – in line with guidance for individual and legal bodies. • Guardian – in line with guidance for individual and legal bodies. The guardian of a foundation takes such steps as are reasonable to ensure that the council of the foundation carries out its functions.

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Standard and higher risk
<ul style="list-style-type: none"> • All council members and, if any decision requires the approval of any other person, that person - in line with guidance for individuals and legal bodies. • Any beneficiary entitled to a benefit under the foundation in accordance with the charter or the regulations of the foundation - in line with guidance for individuals and legal bodies (at the time of or before distribution). • Any other beneficiary and person in whose favour the council may exercise discretion under the foundation in accordance with its charter or regulations <u>and that have been identified as presenting higher risk</u> - in line with guidance for individuals and legal bodies (at the time that the risk is identified).

Refer to [Section 3.4](#) for enhanced [CDD measures](#) for higher risk relationships.

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110. Where a relevant person is not familiar with the form of the evidence obtained to verify identity, appropriate measures may be necessary to satisfy itself that the evidence is genuine.
111. [Having determined that it is appropriate to place reliance \(in line with paragraph 79\), a relevant person may demonstrate that it has taken reasonable measures to verify the identity of an individual concerned with a foundation when it obtains copies of documents that are listed in paragraph 31 from a regulated trust and company services provider that provides a council member to the foundation, along with confirmation on certain matters.](#)
112. [Those matters to be confirmed are that:](#)
- [documentation is still “current” \(i.e. it has not expired or been superseded\);](#)
 - [the regulated trust and company services provider has seen the original document that it has copied to the relevant person, or the document that has been copied to the relevant person was provided to the regulated trust and company services provider by a suitable certifier; and](#)
 - [the document provided to the relevant person is a true copy of a document that is held by the regulated trust and company services provider.](#)
113. [Otherwise, where a relevant person verifies the identity of individuals who are concerned with a foundation on a non-face to face basis, reference should also be made to the guidance set out in \[Section 4.8\]\(#\) for non-face to face identification and verification.](#)
114. Where a council member who is an individual holds this role by virtue of his employment by (or position in) a business that is a regulated Jersey trust company, a relevant person may demonstrate that it has taken reasonable measures to identify that person and to verify his identity where it obtains the full name of the council member and an assurance from the trust company that the individual is an officer or employee.

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4.6 IDENTIFICATION AND VERIFICATION: AUTHORISED AGENT OF APPLICANTS FOR BUSINESS

OVERVIEW

115. [Article 13](#) of the Money Laundering Order requires a relevant person to identify persons purportedly authorised to act on behalf of an applicant for business that is not an individual and to take reasonable measures to obtain satisfactory evidence of identity of such persons. This will include account signatories and those to whom powers of attorney have been granted. In addition, [Article 13](#) requires a relevant person to verify the authority of any person purporting to act.
116. [Article 18\(7\) and \(8\)](#) of the Money Laundering Order provides an exception to this requirement where a person authorised to act on behalf of an applicant for business is acting in the course of employment by a person that:
- is regulated by the Commission; or
 - carries on equivalent business to any category of business that is regulated by the Commission (see [Article 5](#) of the Money Laundering Order and [Section 1.7](#)). Refer to [Section 4.9.4](#).

REGULATORY REQUIREMENTS

117. A relevant person must obtain a copy of the power of attorney (or other authority or mandate) that provides the individuals representing the applicant for business with the right to act on its behalf.

GUIDANCE NOTES

118. For lower risk relationships a relevant person may demonstrate that it has taken reasonable measures to obtain satisfactory evidence where it verifies the identity of a minimum of two individuals that have purported authority to act on behalf of an applicant for business.
119. For standard or higher risk relationships, a relevant person should take into account factors such as the risk posed by the relationship and the materiality of the authority delegated to individuals.

4.7 IDENTIFICATION AND VERIFICATION: APPLICANTS ACTING FOR THIRD PARTIES (INTERMEDIARY RELATIONSHIPS)

OVERVIEW

120. This section covers the scenario where the applicant for business is acting on behalf of a third party (e.g. on behalf of an underlying customer(s)). Where that applicant for business meets the criteria detailed in [Articles 16](#) or [17](#) of the Money Laundering Order, then a relevant person may be able to benefit from concessions provided by those articles ([Section 4.10](#)). Otherwise, the requirements detailed in this section apply.
121. The specific situation of a trustee acting on behalf of a third party (the trust), where the trustee is not a business that is a regulated person or does not carry on an equivalent business to any category of regulated business, is addressed in [Section 4.4](#).

STATUTORY REQUIREMENTS

122. [Article 13](#) of the Money Laundering Order requires a determination as to whether an applicant is acting for a third party or parties.
123. Whenever an applicant is acting for a third party or parties, [Article 13](#) requires a relevant person to identify each third party and the individuals who are its beneficial owners and

controllers and to take reasonable measures to verify the identity of each third party and its beneficial owners and controllers, in addition to undertaking measures to identify and verify the identity of the applicant.

124. Where there is a subsequent change of the third party or the beneficial owners or controllers of a third party, [Article 13](#) requires that the new third party or new beneficial owners or controllers are identified and that reasonable measures are taken to verify their identity.

4.8 NON-FACE TO FACE IDENTIFICATION AND VERIFICATION

OVERVIEW

125. Frequently, relationships will be established [under Article 13 of the Money Laundering Order](#) where there is no face to face contact with the [customer](#) to be identified, for example:
- relationships established by individuals through the post, by telephone or via the internet; and
 - where identification information is provided through a trustee on persons who are concerned with a trust, or by a [legal body](#) on the persons who are its beneficial owners and controllers.
126. There may also be circumstances where there is face to face contact with [a customer](#), but where documentary evidence is to be provided at a time when the [customer](#) is not present.
127. [Article 15\(3\)](#) of the Money Laundering Order requires that enhanced [CDD](#) measures be applied where a customer has not been physically present for identification purposes. [This is in addition to the measures that are to be applied under Articles 13 and 3 of the Money Laundering Order \(see sections 4.3 to 4.5\).](#)
128. [This section provides guidance on the application of enhanced customer identification measures under Article 15\(3\) before a business relationship is established or one-off transaction carried out and where there is a subsequent change in identification information.](#)

4.8.1 Enhanced customer identification measures

GUIDANCE NOTES

129. A relevant person may demonstrate that [it has applied enhanced customer identification measures at the time that a business relationship is established \(or where there is a subsequent change in identification information\) or one-off transaction carried out where it performs an additional verification check on:](#)
- [its customer – where it has had no face to face conduct with that customer; and](#)
 - [each of the individuals concerned with a trust, the beneficial owners and controllers of a legal body, or the individuals concerned with a foundation – where it has had no face to face contact with those persons \(but see also Section 4.1.1\).](#)
130. Additional [verification](#) checks [may](#) include:
- [Suitable certification.](#)
 - Verification of identity using a further verification method listed at [paragraphs 31, 64, 92 or 108 \(including independent data sources\).](#)
 - [A combination of other checks that adequately take into account the relevant person's risk assessment for a particular customer, including:](#)

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REGULATORY REQUIREMENTS ¶

<#>Where a relationship is established or transaction conducted remotely, or where the identity of an individual is to be verified using documentary evidence when the individual is not physically present, a relevant person must perform an additional check to reduce the risk of identity fraud.¶

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- Requiring the first payment for the financial services product or service to be drawn on an account in the customer’s name at a bank that is a regulated person or carries on equivalent business (refer to [Section 1.7](#)).
- Telephone contact with the applicant for business prior to establishing a relationship on a home or business number which has been verified, or a “welcome call” to the customer before transactions are permitted, using the call to verify additional aspects of identification information that have been previously provided.
- Internet sign-on following verification measures where the customer uses security codes, tokens, and/or other passwords which have been set up during account opening and provided by mail (or secure delivery) to the named individual at an independently verified address.
- Specific card or account activation measures.

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Verifying additional aspects of identity or other customer due diligence information from independent sources.

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<#>A suitable certifier must be subject to professional rules of conduct, which provide comfort as to the integrity of the certifier.¶

<#>A suitable certifier must certify that:¶
<#>he has seen original documentation verifying identity and/ or residential address;¶

<#>the copy of the document (which he certifies) is a complete and accurate copy of that original; and¶

<#>where the documentation is to be used to verify identity of an individual and contains a photograph, the photograph contained in the document certified bears a true likeness to the individual requesting certification,¶
or use wording to the same effect. ¶

The certifier must also sign and date the copy document, and provide

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4.8.2 Suitable certification

OVERVIEW

131. Use of a suitable certifier reduces the risk that:
- copy documentation is not a true copy of the original document, and
 - documentation does not correspond to the applicant whose identity is to be verified.

For certification to be effective, the suitable certifier will need to have seen the original documentation. A suitable certifier will also be subject to professional rules (or equivalent) providing for the integrity of his conduct.

132. Best efforts should be exercised to secure an adequate quality copy of photographic evidence that is certified.
133. Suitable certification should not be confused with the confirmation that may be provided under paragraph 196 of Section 4, where reliance is to be placed on identification measures already applied by an intermediary or introducer, and where, under Article 16 of the Money Laundering Order, the relevant person is not required to duplicate those measures. The extent of such a confirmation is limited to confirming that evidence of identity passed by the intermediary or introducer is a true copy of a document that is held on its file.

GUIDANCE NOTES

134. In a case where the document to be certified relates to an individual, a relevant person may demonstrate that it has applied enhanced customer identification measures when it:
- obtains a copy of a document that is listed in paragraph 31 from a suitable certifier, that is signed and dated by the suitable certifier, and accompanied by confirmation on the matter set out in paragraph 135 and adequate information so that he may be contacted in the event of a query; and
 - takes additional steps to validate the credentials of the suitable certifier, where that person is connected to a higher risk country or territory or based in a different country or territory to that of the individual.
135. The matter to be confirmed is that the document is a true copy of an original document (or extract thereof) that verifies the identity and/or residential address of the individual.

136. In a case where the document to be certified relates to a person other than an individual, then paragraphs 134 and 135 of Section 4 apply, except that the documents to be certified will be those listed in paragraphs 64, 92 and 108 of Section 4.

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137. Acceptable persons to certify evidence of identity may include:

- a member of the judiciary, a senior civil servant, or a serving police or customs officer;
- an officer of an embassy, consulate or high commission of the country of issue of documentary evidence of identity;
- a lawyer or notary public who is a member of a recognised professional body;
- an actuary who is a member of a recognised professional body;
- an accountant who is a member of a recognised professional body;
- a tax advisor who is a member of a recognised professional body;
- an individual that is qualified to undertake certification services under authority of the Certification and International Trade Committee (in Jersey this service is available through the Jersey Chamber of Commerce); and
- a director, officer, or manager of a regulated financial services business which is operating in a well-regulated country or territory, or of a branch or subsidiary of a group headquartered in a well-regulated country or territory which applies group standards to subsidiaries and branches worldwide, and tests the application of and compliance with such standards.

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138. A higher level of assurance will be provided where the relationship between the certifier and the subject (individual, legal body or express trust) is of a professional rather than personal nature.

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139. An adequate level of information to be provided by a certifier will include his name, position or capacity, his address and a telephone number or email address at which he can be contacted.

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140. The additional steps to be taken to validate the credentials of the suitable certifier may include considering factors such as the stature and track record of the certifier, previous experience of accepting certifications from certifiers in that profession or country or territory, the adequacy of the framework to counter money laundering and the financing of terrorism in place in the country or territory in which the certifier is located, and the extent to which the framework applies to the certifier.

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141. In determining whether a country or territory is well-regulated, a relevant person may have regard to:

- the development and standing of the country or territory's regulatory framework; and
- recent independent assessments of its regulatory environment, such as those conducted and published by the IMF.

4.8.3 Enhanced customer identification measures – legal bodies and arrangements

OVERVIEW

142. Guidance is provided at paragraphs 70 to 71, paragraphs 95 to 96, and paragraphs 111 to 112 of Section 4 on the identification measures to be applied in the case of a relationship that is established by a relevant person with a trustee acting on behalf of a third party (the trust) or a legal body, where the relevant person will not have any direct contact with the individuals

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[concerned with the trust or foundation, or the beneficial owners and controllers of the legal body.](#)

143. [The following guidance will be relevant in any case where reliance is not placed on Article 16 of the Money Laundering Order. Article 16 allows reliance to be placed on customer due diligence measures that have already been completed by another party \(whatever those measures might have involved\), where evidence of identity that may subsequently be provided by that party to a relevant person could be out of date.](#)

[GUIDANCE NOTES](#)

144. [In a case where the reasonable measures taken to verify the identity of the individuals concerned with a trust, the beneficial owners and controllers of a legal body, or the individuals concerned with a foundation are those set out at paragraphs 70 to 71, paragraphs 95 to 96, and paragraphs 111 to 112 of Section 4, then those measures may be considered to have satisfied the requirement in Article 15\(3\) of the Money Laundering Order for enhanced CDD measures to be applied.](#)

4.9 EXCEPTIONS FROM IDENTIFICATION MEASURES

OVERVIEW

145. [Article 18](#) of the Money Laundering Order provides for exceptions to the general requirement to carry out identification measures that would otherwise be required under [Article 13](#).
146. The exceptions set out in [Article 18](#) do not apply where a relevant person suspects money laundering or in any situation which by its nature can present a higher risk of money laundering.
147. [Article 2](#) of the Money Laundering Order provides that no individual is to be treated as a beneficial owner of a person that is a body corporate, the securities of which are listed on a regulated market. In the case of an applicant for business that is a subsidiary of such a body corporate, this provision means that there will be no need to identify or verify the identity of the owners of the shares of the holding body corporate. The obligation to identify controllers remains.

4.9.1 Regulated persons and those carrying on equivalent businesses

OVERVIEW

148. The Money Laundering Order requires a relevant person to perform identification and verification of identity measures in respect of an applicant for business, its beneficial owners and controllers, and any third parties (underlying customers) for whom the applicant is acting (as well as for the beneficial owners and controllers of such third parties).
149. Where the applicant for business is a regulated person (or person who carries on equivalent business), then, in line with [Article 18\(7\)](#) of the Money Laundering Order, there is no requirement to apply identification measures in respect of the applicant or on the beneficial owners and controllers of the applicant. However, these provisions do not also provide an exemption in respect of any third parties (underlying customers) for whom the applicant is acting, or for the beneficial owners and controllers of such third parties. Refer to [Section 4.10](#) for concessions concerning the underlying customers.

STATUTORY REQUIREMENTS

150. *Under [Article 18\(7\)](#) of the Money Laundering Order, a relevant person need not identify or verify the identity of an applicant for business or its beneficial owners and controllers, whether acting as principal or on behalf of third parties, where there are reasonable grounds for believing that the applicant for business is:*

- a regulated person; or
- a person carrying out an equivalent business to any category of regulated business (refer to [Section 1.7](#)).

REGULATORY REQUIREMENT

151. A relevant person must obtain and retain documentation [demonstrating](#) that the applicant for business is entitled to benefit from the exemption provided in [Article 18\(7\)](#) of the Money Laundering Order.

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4.9.2 Companies with listed securities

OVERVIEW

152. Where an applicant for business is a body corporate the securities of which are listed on a regulated market, then, in line with [Article 18\(6A\)\(b\)](#) of the Money Laundering Order, there is no requirement to apply identification measures on that body corporate or on the beneficial owners and controllers of the body. However, the obligations to apply identification measures to any third party for which the body corporate may be acting and to persons purporting to act on behalf of the body corporate continue.
153. Guidance published by the UK's Joint Money Laundering Steering Group on what may be considered to be a regulated market can be found on: [Guidance on Equivalent Markets](#).

REGULATORY REQUIREMENT

154. A relevant person must obtain and retain documentation [demonstrating](#) that the applicant for business is entitled to benefit from the concession in [Article 18\(6A\)\(b\)](#) of the Money Laundering Order.

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4.9.3 Jersey public authorities

OVERVIEW

155. Where an applicant for business is a Jersey public authority, then, in line with [Article 18\(6A\)\(a\)](#) of the Money Laundering Order, there is no requirement to apply identification measures on that public authority or on the beneficial owners and controllers of the authority. However, the obligations to apply identification measures to any third party for which the authority may be acting and to persons purporting to act on behalf of the authority continue.

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REGULATORY REQUIREMENTS

156. A relevant person must obtain and retain documentation [demonstrating](#) that the applicant for business is entitled to benefit from the concession in [Article 18\(6A\)\(a\)](#) of the Money Laundering Order.

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GUIDANCE NOTES

157. The following may be considered to be public authorities in Jersey:
- A department of the States of Jersey;
 - A majority States-owned company;
 - An agency established by a law of the States of Jersey; or
 - A parish authority.

4.9.4 Persons authorised to act on behalf of an applicant

STATUTORY REQUIREMENTS

158. Under [Article 18\(7\)](#) of the Money Laundering Order a relevant person need not identify or verify the identity of persons authorised to act on behalf of an applicant for business, where that applicant is a regulated person, or carries on equivalent business to any category of regulated business. See [Section 1.7](#).
159. Under [Article 18\(8\)](#), a relevant person need not identify or verify the identity of persons purporting to be authorised to act on behalf of an applicant for business where the person who is so authorised acts in the course of employment by a business that is a regulated person, or carries on equivalent business to any category of regulated business.

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GUIDANCE NOTES

160. Where a person authorised to act on behalf of an applicant for business holds this role by virtue of his employment by (or position in) a business that is a regulated person, a relevant person may demonstrate that this exception applies where it obtains:
- the full name of the individual; and
 - an assurance from the financial services business that the individual is an officer or employee.

4.9.5 Identification measures for pension schemes

STATUTORY REQUIREMENTS

161. Under [Article 18\(3\)](#) of the Money Laundering Order, a relevant person need not apply identification measures where the business relationship or one-off transaction relates to a pension, superannuation, or similar scheme:
- where contributions are made by an employer or by way of a deduction from wages, and
 - the scheme rules do not permit the assignment of members' interests under the scheme.

4.9.6 Other exceptions

STATUTORY REQUIREMENTS

162. Under [Article 18\(4\), \(5\) and \(6\)](#) of the Money Laundering Order, a relevant person need not apply identification measures when the application is for an insurance business policy:
- taken out in connection with a pension scheme relating to the customer's employment or occupation, if the policy contains no surrender clause and cannot be used as security for a loan; or
 - where the premium is a single payment of no more than £1,750; or
 - where the premium payments do not exceed £750 in any calendar year.

4.10 IDENTIFICATION AND VERIFICATION OF IDENTITY IN INTERMEDIARY AND INTRODUCED RELATIONSHIPS

OVERVIEW

163. [Article 13](#) of the Money Laundering Order requires a relevant person to determine whether the applicant for business is acting for any third party (underlying customer), and if so, requires the relevant person to identify and take reasonable measures to verify the identity of the third party (underlying customer) and its beneficial owners and controllers. Such relationships are referred to as **intermediary relationships**, as no direct relationship between the relevant person and the underlying customer arises; the business relationship is instead between the relevant person and the intermediary. Intermediary relationships differ from **introduced (also known as referred) relationships**, as with introduced relationships, the underlying customer does form a direct relationship with the relevant person.
164. However, in certain circumstances where the risk of money laundering and the financing of terrorism may be lower, such as where the intermediary (or introducer) itself is subject to legal requirements to combat money laundering and financing of terrorism equivalent to those in place in Jersey, and is supervised for compliance with those requirements, the [Money Laundering Order](#) permits reduced or simplified **CDD** measures to be carried out on the intermediary, or reliance to be placed on the intermediary or introducer to have conducted aspects of **CDD**.
165. This section sets out the circumstances where reduced or simplified measures may be applied or where reliance may be placed:
- Where the applicant for business – an intermediary - is a certain type of regulated person or carries on an equivalent business to certain categories of regulated business (covered by [Article 17](#) of the Money Laundering Order); and
 - Where the relationship involves either an intermediary or introducer that is carrying on a financial services business that is overseen for AML/CFT compliance in Jersey, or a person who carries on equivalent business (covered by [Article 16](#) of the Money Laundering Order).

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Intermediary relationships

166. Intermediary relationships may cover a single underlying customer or more than one customer, including a pool of customers. Relationships established by an intermediary on behalf of a single customer, including relationships involving sub-accounts for each underlying customer, are described in the Handbook as **designated relationships**. A relationship established by an intermediary on behalf of more than one customer is described in the Handbook as a **pooled relationship**.
167. Examples of intermediary relationships may include:
- Trustees establishing relationships with other persons carrying on financial services businesses on behalf of express trusts.
 - Stock-brokers and investment management firms acting as nominees for underlying investors.
168. Some examples of pooled relationships include:
- Overseas banks (typically Swiss banks) that place pooled deposits on a fiduciary basis with Jersey banks.
 - Open-ended or closed-ended investment companies, trustees of unit trusts, and general partners of limited partnerships that wish to establish banking facilities for a collective investment fund.

- Client accounts operated by trust companies, investment managers, lawyers and accountants.

Introduced relationships

169. An introduced relationship is where an **introducer** has an established relationship with a customer and wishes to introduce that customer to another person carrying on a financial services business. Here, it is the customer who is the applicant for business, and who seeks to form a direct relationship with a relevant person. The customer will therefore have two direct relationships, one with the introducer and one with the relevant person to which he has been introduced.
170. Examples of introducers include:
- Investment advisors who arrange for their customers to invest in a financial product provided by another person carrying on a financial services business, where the investment is held in the name of the customer and not that of the investment advisor.
 - Company service providers who arrange for a bank or investment account, for example, to be established in the name of a client company, and not in the name of the company service provider.
 - The qualified member of a foundation that is incorporated under the Foundations (Jersey) Law 2009, to the extent that the foundation wishes to form a business relationship or carry out a one-off transaction with another relevant person, e.g. to open a bank account.

Outsourcing

171. Outsourcing arrangements are not included within the scope of this section, as these are distinct from introduced and intermediary relationships. In an outsourcing arrangement, the customer will have a direct relationship with a relevant person and not with the delegate carrying on the outsourced activity. Although the delegate may have substantial contact with the customer, the customer is a customer of the relevant person and not of the delegate. The delegate will be carrying on the outsourced activity for the relevant person according to the terms of a contract with the relevant person. An example of a typical outsourcing arrangement is where a trustee of a collective investment fund outsources the management of the fund to a third party.

4.10.1 Assessment of risk where reliance placed on intermediaries and introducers

OVERVIEW

172. Where it is possible to avoid applying identification measures because these have already been conducted by an intermediary, or to place reliance on measures that have already been conducted by an intermediary, this introduces an additional risk that must be considered. A similar risk is introduced where reliance is placed on an introducer to have conducted identification measures. This section considers this additional risk.
173. The risk factors that are set out in this section will also be relevant to a customer risk assessment that is conducted under [Section 3.3.4.1](#) in the cases highlighted at [Sections 4.4](#) (paragraph 55) and [4.5](#) (paragraph 77).

STATUTORY REQUIREMENTS

174. In certain cases, [Articles 16](#) of the Money Laundering Order provides for reliance to be placed on intermediaries and introducers to have applied identification measures in order to meet a relevant person's obligations under [Article 13](#) of the Money Laundering Order. In order to place such reliance, a relevant person must have conducted an assessment as to whether it is appropriate to place reliance.
175. In certain cases, [Article 17](#) of the Money Laundering Order provides that a relevant person need not apply the requirement in [Article 13](#) of the Money Laundering Order to identify and verify the identity of the intermediary's underlying customer. [Article 17](#) may be applied only where a relevant person has conducted an assessment as to whether it is appropriate to apply the concession.

REGULATORY REQUIREMENTS

176. In order to avoid applying identification measures under [Article 17](#) or to rely on measures that have been conducted by an intermediary or introducer under [Article 16](#), a relevant person must first assess the risk in avoiding applying such measures or placing reliance. Where appropriate, it should take additional measures to manage its risk.

GUIDANCE NOTES

Risk assessment – factors to consider

177. One or more of the following factors will be relevant when conducting a risk assessment for an introducer or intermediary:
- The stature and regulatory track record of the intermediary or introducer.
 - The adequacy of the framework to combat money laundering and financing of terrorism in place in the [country or territory](#) in which the intermediary or introducer is based and the period of time that the framework has been in place. Deleted: jurisdiction
 - The adequacy of the supervisory regime to combat money laundering and terrorist financing to which the intermediary or introducer is subject.
 - The adequacy of the measures to combat money laundering and financing of terrorism in place at the intermediary or introducer.
 - Previous experience gained from existing relationships connected with the intermediary or introducer.
 - The nature of the business conducted by the intermediary or introducer. Relevant factors include:
 - a. the geographic location of the customer base;
 - b. the general nature of the customer base, e.g. whether institutional or private client;
 - c. the risk appetite of the intermediary or introducer; and
 - d. the nature of the services which the intermediary or introducer provides to its customers.
 - Whether relationships are conducted by the intermediary or introducer on a face to face basis.
 - Whether specific relationships are fully managed by an introducer.

- The extent to which the intermediary or introducer itself relies on third parties to identify its customers and to hold evidence of identity or to conduct other **CDD** measures, and whether such third parties are relevant persons or carry out an equivalent business.
- Whether or not specific intermediary or introduced relationships involve PEPs or other higher risk relationships.

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Additional measures

178. Where, having assessed risk, a relevant person determines that additional measures are required, these may include all, or some, of those listed below:
- Making specific enquiries of the intermediary or introducer to determine the adequacy of measures to combat money laundering and financing of terrorism in place.
 - Reviewing the policies and procedures to combat money laundering and financing of terrorism in place at the intermediary or introducer.
 - Where the intermediary or introducer is a member of a financial services group, making enquiries concerning the extent to which group standards are applied to and assessed by the intermediary's or introducer's compliance function or internal audit function.
 - Conducting (or commissioning from an external expert) periodic sample testing of the adequacy of the intermediary's or introducer's policies and procedures to combat money laundering and financing of terrorism, whether through onsite visits, or through requesting specific **CDD** information and/or copy documentation to be provided.
 - Requesting specific **CDD** information and/or copy documentation to be provided, to confirm that the intermediary or introducer is able to satisfy any requirement for such information and documentation to be available without delay at the request of the relevant person.
 - Where an intermediary or introduced relationship presents higher money laundering or financing terrorism risk, considering whether it is appropriate to rely solely upon the information provided by the intermediary or introducer, and whether additional **CDD** information and/or documentation is required.
 - Requiring that pooled relationships must not be used for higher risk customers, and that designated relationships with increased disclosure of information be put in place for such customers.

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4.10.2 Intermediary relationships – Article 17

OVERVIEW

179. Where an intermediary meets the criteria outlined in [Article 17](#) of the Money Laundering Order, a relevant person need not identify or verify the identity of the intermediary's underlying customers, whether pooled or designated relationships. However, the relevant person's risk assessment of the intermediary may necessitate the relevant person taking additional measures, as set out in [Section 4.10.1](#), above.
180. The capacity in which the intermediary is acting will be relevant. Where an intermediary is acting other than in the course of: (a) deposit-taking business; (b) insurance business; (c) investment business or (d) **funds** services business, or is a permit holder or a certificate holder, then a relevant person may not rely on [Article 17](#).

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STATUTORY REQUIREMENTS

181. Under [Article 17](#) of the Money Laundering Order a relevant person need not identify and verify the identity of third parties (underlying customers) for whom an intermediary is acting (or any beneficial owners and controllers of those third parties) where it knows or has reasonable grounds for believing that:
- the intermediary is acting in the course of: deposit-taking business, insurance business, investment business, fund services business, or is a permit holder or certificate holder; or
 - the intermediary carries on equivalent business to the above categories of regulated business (refer to [Section 1.7](#)).
182. A relevant person may not rely on the concession in the Money Laundering Order where it has suspicion of money laundering.

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REGULATORY REQUIREMENTS

183. A relevant person must be able to demonstrate that the conditions required by the Money Laundering Order are met.

4.10.3 Intermediary and introduced relationships – Article 16

OVERVIEW

184. Where an intermediary or introducer meets the requirements outlined in [Article 16](#) of the Money Laundering Order, a relevant person is permitted to place reliance on the intermediary or introducer to have conducted identification measures in respect of the relevant person's underlying or introduced customers. This means that a relevant person does not need to duplicate identification measures that will have already been conducted by the intermediary or introducer.
185. Whilst a customer information profile containing necessary CDD information on the underlying customer and its beneficial owners and controllers must be obtained for both designated and pooled relationships with intermediaries, and applicants introduced by introducers, the relevant person accepting the relationship is not also required to obtain evidence of identity. Evidence of identity may be held by the intermediary or introducer, so long as the relevant person is satisfied that the intermediary or introducer will provide the evidence that it holds on request and without delay.
186. In the case of a trustee that is an intermediary for a trust, the underlying customer is considered to be the individuals concerned with the trust ([Section 4.4](#)).
187. When considering the relevant requirements to apply to intermediary relationships, provisions concerning lower risk products ([Section 4.10.5](#)) may also be relevant.
188. Where CDD information is passed by an intermediary to a relevant person in order to comply with requirements to counter money laundering and the financing of terrorism, the Data Protection (Jersey) Law 2005 restricts the use of the information to that purpose, except where another condition for processing personal data applies.

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STATUTORY REQUIREMENTS

189. [Article 16](#) of the Money Laundering Order permits a relevant person to rely upon an intermediary or introducer to have applied specified identification measures, where it obtains a confirmation from an intermediary or introducer on certain matters. It may do so where:
- the applicant for business is an intermediary (i.e. is acting on behalf of underlying customers) that meets the conditions set out below; or

- *the applicant for business is introduced by an introducer that meets the conditions set out below.*

190. *The relevant person must have reasonable grounds for believing that:*

- *the intermediary or introducer is a relevant person that is overseen for AML/CFT compliance in Jersey; or*
- *the intermediary or introducer is a person who carries on equivalent business (refer to [Section 1.7](#)).*

191. *The relevant person must obtain a confirmation from the intermediary or introducer that:*

- *is in writing;*
- *confirms that the applicant for business is an established customer of the introducer (where the customer relationship is introduced);*
- *contains adequate assurance that the intermediary or introducer has undertaken the necessary customer identification measures;*
- *for intermediary relationships, contains sufficient information about the third parties (underlying customers) for whom the intermediary is acting (and of any beneficial owners and controllers of the third parties);*
- *for introduced relationships, in line with [Articles 13](#) and [3](#) of the Money Laundering Order contains sufficient information about the applicant for business and any beneficial owners and controllers of the applicant, and also any third parties that the introduced customer may be acting for, and any person purporting to act on behalf of the introduced customer – where reliance is placed on the introducer;*
- *contains adequate assurance that the intermediary or introducer is required to keep and does keep records containing the evidence of identity of:*
 - for intermediary relationships, the third parties (underlying customers) for whom the intermediary is acting (and of any beneficial owners and controllers of the third parties); or*
 - for introduced relationships, the applicant for business and any beneficial owners and controllers of the applicant, and also any third parties that the introduced customer may be acting for, and any person purporting to act on behalf of the introduced customer – where reliance is placed on the introducer; and*
- *contains adequate assurance that the intermediary or introducer will provide the evidence of the identity without delay at the request of the relevant person.*

192. *A relevant person may not rely on this concession where it suspects money laundering.*

193. *The ultimate responsibility for ensuring that customer identification and verification measures are adequate remains with the relevant person. In order to place reliance on an introducer or intermediary, the introducer or intermediary must have provided its consent to do so.*

REGULATORY REQUIREMENTS

194. A relevant person must be able to demonstrate that the conditions required by the Money Laundering Order are met.
195. In order to demonstrate that a relevant person has obtained sufficient information about the underlying customer, or introduced customer, a relevant person must:

- Obtain customer information profiles from the intermediary or introducer on each of the intermediary's underlying customers, or introduced customers - in line with guidance for individuals, trustees, and legal bodies – set out in [Sections 4.3 to 4.5](#). The information provided in the customer information profile will depend upon the relevant person's assessment of the risk presented by a particular individual, trustee or legal body.
 - Be satisfied that the intermediary or introducer will notify the relevant person of any material changes to the customer information profile provided.
196. All evidence of identity passed by the intermediary or introducer to a relevant person (on request) must be confirmed by the intermediary or introducer as being a true copy of ~~a~~ document held on its file. Deleted: either an original or copy
197. In the event that an introducer terminates its relationship with a customer introduced to a relevant person, the relevant person must require the introducer to provide the relevant person with:
- copies of the relevant evidence; or
 - an assurance that the introducer will continue to hold the necessary evidence on behalf of the relevant person until such time as is agreed.
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GUIDANCE NOTES

Access to [customer due diligence](#) information and documentation

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198. A relevant person may demonstrate that an intermediary or introducer will provide CDD information and documentation in relation to underlying customers, and introduced customers, without delay where it requires relevant CDD information and documentation to be made available within 5 working days of a request.
199. Where an intermediary or introducer is located in a [country or territory](#) known to have restrictive secrecy provisions, a relevant person may demonstrate that it has adequate access to CDD information and documentation where it periodically requests such information or documentation to be provided (and it is provided), or otherwise obtains access to review the relevant information and documentation held by the intermediary or introducer. Deleted: jurisdiction

Responsibility for failures in identification measures

200. A relevant person will remain responsible for the satisfactory performance of all elements of identification measures. However, where the measures taken are reasonable, it will have a defence should the intermediary or introducer fail to have performed satisfactory measures.

Template customer information profiles

201. Refer to Appendix C for template customer information profiles setting out customer information to be collected for intermediary and introduced relationships.
- Deleted: jurisdictions

4.10.4 Group intermediaries and introducers in certain [countries or territories](#) – Article 16

OVERVIEW

202. Where the following criteria are met, then under [Article 16](#) of the Money Laundering Order, a relevant person may rely on an intermediary or introducer that is in the same group as the relevant person to have obtained and to hold evidence of identity on its behalf in the way described in [Section 4.10.3](#), notwithstanding that the intermediary or introducer itself may not be directly subject to legal requirements to combat money laundering and financing of terrorism that are consistent with the FATF Recommendations or subject to direct supervision.

203. As for other intermediary or introduced relationships, a customer information profile containing necessary CDD information on the underlying customer and its beneficial owners and controllers or introduced customer must be obtained for each group intermediary or group introduced relationship. Evidence of identity may be held by the intermediary or introducer, so long as the relevant person is satisfied that the group intermediary or introducer will provide the evidence on request and without delay.

GUIDANCE NOTES

204. A group intermediary or introducer may demonstrate that it has met the criteria [set out](#) in [Article 5](#) of the Money Laundering Order where:
- The intermediary or introducer carried on a category of business equivalent to a category outlined in [Schedule 2](#) of the Proceeds of Crime Law and is a branch or subsidiary in the same group as the relevant person;
 - The intermediary or introducer is registered or otherwise authorised in another country;
 - The intermediary or introducer is subject to group requirements to combat money laundering and financing of terrorism;
 - The conduct of the intermediary's or introducer's business is subject to supervision for compliance with group requirements to combat money laundering and financing of terrorism by an overseas regulatory authority; and
 - The group's parent meets the conditions required by [Article 5](#) of the Money Laundering Order for equivalent businesses (refer to [Section 1.7](#)).

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4.10.5 Intermediary customers and lower risk products

OVERVIEW

205. Where an intermediary is covered by [Article 16](#) (but not also [Article 17](#)), a customer information profile will be required for each underlying customer. However, the following section sets out circumstances where a relevant person provides a lower risk product, or where the product that is controlled or administered by the intermediary itself presents lower risk, where it may be appropriate to operate a relationship without a customer information profile for each underlying customer.

GUIDANCE NOTES

206. A relevant person may demonstrate that it has satisfied the requirement of the Money Laundering Order for sufficient customer information to be obtained under [Article 16](#) of the Money Laundering Order, where the relationship is established on an undisclosed basis with an intermediary (that is covered by [Article 16](#)) for one or more of the following:
- Investment products controlled or administered by the intermediary which are closed-ended, where there is no liquid market for shares, units, or interests in the investment product, and where the funds for investment and the proceeds of the investment are received from and returned to the investor, and not third parties.
 - Employee benefit schemes (including pension schemes) controlled or administered by the intermediary, which are funded either by the sponsor or by deductions from employee remuneration, and which are for the benefit only of the sponsor's employees, or the employees' immediate family.
 - The limited pooling of funds by an intermediary for one of the following purposes:
 - a. the facilitation of immovable Jersey property transactions;

- b. pending the transfer to a designated account for an underlying customer, where the funds are not to be held on an undisclosed basis for longer than 40 days;
 - c. pending the receipt of instructions when exiting a customer relationship, where the funds are not to be held on an undisclosed basis for longer than 40 days;
 - d. to facilitate ad hoc (not routine) cheque payments where designated accounts do not otherwise have this facility;
 - e. to provide underlying customers with access to low cost banking facilities where customers' liquid assets are of insufficient value and volume for the establishment of a designated relationship (e.g. balances of £1,000 or less per relationship, with little activity);
 - f. to facilitate the aggregation of statutory fees for onward payment;
 - g. to receive fees payable to the intermediary which have been paid in advance; and
 - h. to receive customer money on an ad hoc basis paid to the intermediary in error.
207. A relevant person may also demonstrate that it has satisfied the requirements of the Money Laundering Order, without obtaining CDD information in the form of a customer information profile, where it accepts an aggregated deposit of customer funds (or funds for investment) from a bank account held in the name of a person carrying on financial services business that is a regulated person (or is regulated by the Guernsey Financial Services Commission or the Isle of Man Financial Supervision Commission), where the funds (and any income or profit generated) will only be returned to the bank account from which the funds originated.

4.11 REDUCED OR SIMPLIFIED MEASURES: VERIFICATION OF IDENTITY CONCESSION FOR VERY LOW RISK PRODUCTS/SERVICES

OVERVIEW

208. Where funds involved in a relationship:
- have been received from a bank that is a regulated person or carries on equivalent business to deposit-taking (refer to [Section 1.7](#)); and
 - have come from an account in the sole or joint name of the applicant for business,
- then the receipt of funds from such an account will be considered to provide a satisfactory means of verifying the identity of an applicant for business, where: (i) the product or service requested by the applicant for business is considered to present a very low money laundering risk, and (ii) where the applicant for business is not considered to present higher risk.
209. The basis for this concession is that funds may only be received from and paid to an account in the customer's name, i.e. a product or service where funds may not be paid in by, or paid out to, third parties.

REGULATORY REQUIREMENTS

210. In considering whether it is appropriate for verification of a customer's identity to be carried out using this concession, a relevant person must be able to demonstrate that an applicant for business does not present higher risk and that it is reasonable for the concession to apply. Particular care must be taken in circumstances where an applicant is not an individual.
211. To benefit from this concession, the product or service must satisfy the following conditions:
- all initial and future payments must be received from an account at a bank that is a regulated person or carries on an equivalent business to deposit-taking (refer to [Section 1.7](#)), where the account can be confirmed as belonging to the applicant for business;

- no initial or future payments may be received from third parties;
 - cash withdrawals are not permitted, with the exception of face to face withdrawals by the customer, where he is required to produce evidence of identity before the withdrawal can be made;
 - no payments may be made, other than to an account at a bank that is a regulated person or carries on an equivalent business to deposit-taking (refer to [Section 1.7](#)), where the account can be confirmed as belonging to the customer, or on the death of the customer to a personal representative named in the grant of probate or the letters of administration; and
 - no future changes must be made to the product or service that enable funds to be received from or paid to third parties.
212. In the event that the above conditions are breached, the identity of the customer must be verified at that time in accordance with [Section 4.3](#), [Section 4.4](#), or [Section 4.5](#).
213. A relevant person must obtain and retain evidence confirming that payment has been received from an account at a bank that is a regulated person or carries on an equivalent business to deposit-taking (refer to [Section 1.7](#)), and, where a request for a withdrawal or transfer to another bank account is received, confirmation that this account is also in the customer's name and held at a bank that is a regulated person or carries on an equivalent business to deposit-taking (refer to [Section 1.7](#)).
214. If a relevant person has reason to suspect the motive behind a particular transaction or believes that the business is being structured to avoid standard identification measures, it must not use this concession.

4.12 TIMING OF INITIAL IDENTIFICATION AND VERIFICATION OF IDENTITY

STATUTORY REQUIREMENTS

215. [Article 13\(1\)](#) of the Money Laundering Order requires identification measures to be applied before the establishment of a relationship or before carrying out a one-off transaction.
216. However, [Article 13\(4\)](#) of the Money Laundering Order permits verification of identity to be completed as soon as reasonably practicable after the establishment of a business relationship if:
- it is necessary not to interrupt the normal conduct of business; and
 - there is little risk of money laundering occurring as a result of completing such verification after establishing the relationship.

GUIDANCE NOTES

217. Funds may be received from an applicant during the course of establishing a business relationship. A relationship is established once a relevant person acts on instructions as to the operation of that relationship, for example, invests funds in a financial product on behalf of a customer.
218. Guidance as to appropriate steps to take where a relevant person is unable to complete identification measures is provided in [Section 4.14](#).

4.12.1 Delayed completion of verification requirements

OVERVIEW

219. [Article 13\(4\)](#) of the Money Laundering Order allows, in certain circumstances, a relevant person a reasonable timeframe to undertake the necessary enquiries for the completion of verification measures after the initial establishment of a relationship. Where a reasonable excuse for the continued non-completion of verification measures cannot be provided, in order to comply with [Article 14\(2\)](#) of the Money Laundering Order, a relevant person must terminate the relationship ([Section 4.14](#)).
220. In the case of a customer that is a trustee, paragraph 67 of this section is relevant. In the case of a customer that is a foundation, paragraph 105 of this section is relevant (to the extent that it applies to any beneficiary that is entitled to benefit under the foundation).

REGULATORY REQUIREMENTS

221. A relevant person may complete verification of identity after the initial establishment of a relationship if the following conditions are met:
- all other necessary [CDD](#) information (including information on identity) has been obtained;
 - the need to perform verification of identity at a later stage is essential not to interrupt the normal conduct of business;
 - verification of identity is carried out as soon as is reasonably practicable;
 - it highlights to its customer its obligation to terminate the relationship at any time on the basis of non-completion of verification measures; and
 - money laundering risk is effectively managed.
222. In any event, a relevant person must not pay away funds to a third party, other than to invest or deposit the funds on behalf of the customer, until such time as identity has been verified.

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GUIDANCE NOTES

223. A relevant person may demonstrate that it has a right to terminate a relationship where terms of business which govern its relationships with its customers encompass the termination of relationships due to non-completion of verification measures. Terms and conditions should clearly state that termination may lead to an applicant suffering losses – where, e.g. funds have been invested in a collective investment fund.
224. Money laundering risk may be effectively managed where:
- policies and procedures [set](#) timeframes for the completion of verification measures;
 - the establishment of any relationship benefiting from this concession has received appropriate authorisation and such relationships are appropriately monitored so that verification of identity is carried out as soon as is reasonably practicable; and
 - appropriate limits or prohibitions are placed on the number, type and amount of transactions over an account.

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4.13 SUBSEQUENT IDENTIFICATION AND VERIFICATION OF IDENTITY

STATUTORY REQUIREMENTS

225. [Article 13\(1\)\(c\)\(i\)](#) of the Money Laundering Order requires a relevant person to carry out identification measures where it suspects money laundering, whether or not an exemption or concession from identification measures had previously been applied.
226. In addition, where a relevant person has doubts about the veracity or adequacy of documents, data or information previously obtained under [CDD measures](#), [Article 13\(1\)\(c\)\(ii\)](#) of the Money Laundering Order requires the business to take steps to carry out identification measures.
227. [Article 14\(6\)](#) of the Money Laundering Order provides that identification measures need not be applied where a relevant person is acting with the consent of the JFCU and where an existing relationship is terminated, relationship is not established, or one-off transaction not completed or carried out.

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GUIDANCE NOTES

228. A relevant person may demonstrate that it has carried out the identification measures required under [Article 13\(1\)\(c\)\(ii\)](#) of the Money Laundering Order where it does so in cases where a trustee, legal body, foundation, intermediary or introducer advises of a change to identification information that it has provided to the relevant person under Sections [4.4.1](#), [4.5.1](#), [4.5.3](#), and [4.10.3](#) respectively.

4.14 FAILURE TO COMPLETE IDENTIFICATION OR VERIFICATION OF IDENTITY

OVERVIEW

229. Where identification measures cannot be completed, a relevant person must not proceed or continue with a relationship or one-off transaction. The ease, with which a relationship may be terminated, will depend upon how funds have been invested. For example, whereas a bank can close an account relatively easily and returns funds to a customer, it may be less straightforward for a fund to affect a compulsory redemption, particularly where it is closed ended, or where valuation dates are infrequent.
230. Wherever possible, when terminating a relationship where customer money or other assets have been received, a relevant person should return the assets directly to the customer, for example by returning money to the account from which it was received.
231. Where the customer requests that money or other assets be transferred to third parties, or to a different account in the customer's name, the relevant person should assess whether this provides grounds for knowledge or suspicion, or reasonable grounds for knowledge or suspicion, of money laundering or financing of terrorism.

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STATUTORY REQUIREMENTS

232. If a relevant person is unable to apply identification measures before the establishment of a relationship or before carrying out a one-off transaction (except in the circumstances provided for in [Article 13\(4\)](#) of the Money Laundering Order), [Article 14\(1\)](#) of the Money Laundering Order requires that a relevant person shall not establish that business relationship or carry out that one-off transaction.
233. [Article 14\(2\)](#) of the Money Laundering Order provides that if a relevant person is unable to apply identification measures in the circumstances described in [Article 13\(4\)](#), it shall terminate the relationship.

234. *Article 14(4) of the Money Laundering Order provides that a relevant person must terminate a business relationship where it cannot apply ongoing identification measures.*
235. *Article 14(11) of the Money Laundering Order provides that a business relationship or one-off transaction may proceed or continue where a relevant person is acting with the consent of the JFCU.*

DRAFT

In circumstances where the suitable certifier is located in a higher risk jurisdiction, or where a relevant person has some doubts as to the veracity of the information or documentation provided by the applicant, the relevant person must take steps to check that the suitable certifier is real.

GUIDANCE NOTES