

Guernsey's National Risk Assessment

March 2019

In accordance with the FATF recommendation for countries to identify, assess and understand the money laundering (**ML**) and financing of terrorism (**FT**) risks that they are exposed to, the States of Guernsey's Policy & Resources Committee (**Committee**), in conjunction with the other AML/CFT authorities in the Bailiwick, has been undertaking a National Risk Assessment (**NRA**). The latest news from the Committee is that the draft report is in the process of being finalised before being shared with a number of third parties for external input. The final version is expected to be published at the end of June 2019.

The new Schedule 3 to the Proceeds of Crime (Criminal Justice) (Bailiwick of Guernsey) Law (**Schedule 3**) and the draft of the new Handbook on Countering Financial Crime and Terrorist Financing (**Handbook**) will require specified businesses (the newly combined classes of financial services businesses and prescribed businesses) to have regard to the content of the NRA when undertaking certain activities, such as the formulation of its business risk assessments (**BRA**) and risk appetite. The NRA will therefore be a key document for firms to have access to, and understand the requirements of, in order to meet their AML/CFT obligations.

Timing wise we understand that Schedule 3 and the Handbook will be effective from 31 March 2019, some three months before we expect firms to have sight of the NRA.

Helpfully, the Committee has circulated guidance on the GFSC and its expectations as to when they expect firms to have reached certain milestones under the framework of the new Handbook:

- **by end of October 2019** to have reviewed the BRA and have had the revised ML and FT assessments approved by the Board (on its current track, 4 months from publication of the NRA)
- **by end of January 2020** to have reviewed and revised its policies, procedures and controls and have those reviewed and approved by the Board (3 months after the approval of the revised BRA)

While waiting for the publication of Guernsey's NRA, the Committee has strongly encouraged firms to commence updating their policies, procedures and controls to take into account the revised requirements in Schedule 3 and the Handbook that are not dependent on the NRA.

The message is clear: any delay in the publication of the NRA by the Committee should not cascade down to delay in adherence to Schedule 3 and the new Handbook, other than that which is strictly necessary.

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