



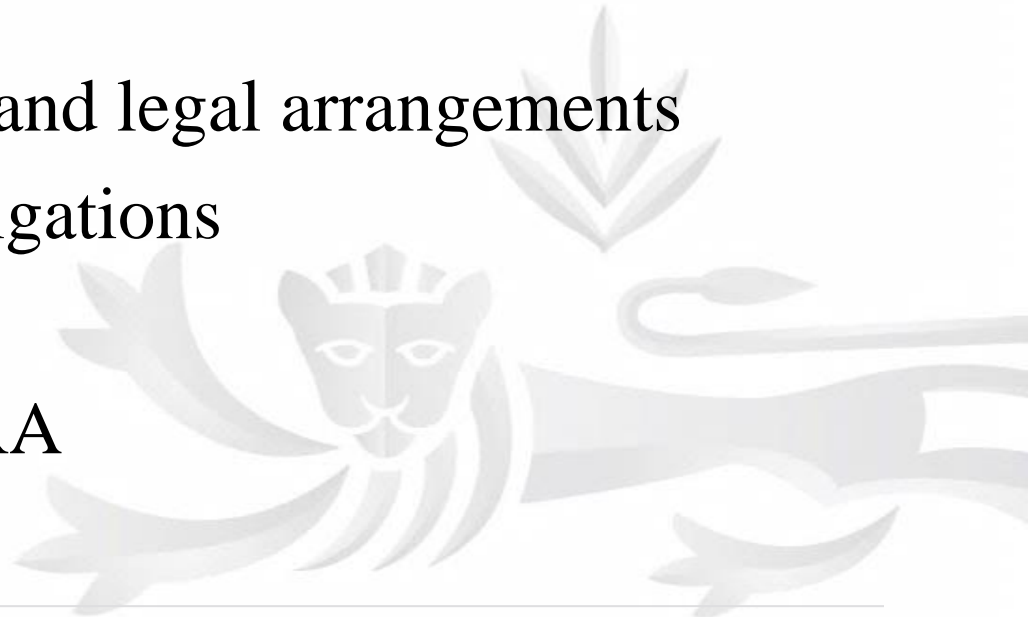
Guernsey Financial
Services Commission

National Risk Assessment on Legal Persons & Legal Arrangements

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Agenda

- NRA process
- Types of legal persons and legal arrangements
- Vulnerabilities and mitigations
- Residual risk ratings
- Using the LP & LA NRA



LP & LA NRA process

- IMF methodology
- Data - Alderney & Guernsey Registries, Revenue Services and GFSC
- Private sector feedback on surveys
- Private sector expert input
- SARs, sanctions, mutual legal assistance & international assistance

Key statistics

- Circa 20,000 domestic legal persons
- Circa 7,500 foreign legal persons & arrangements
- > 18,000 Guernsey companies
- >9,300 discretionary trusts
- > 2,000 retirement annuity trusts

Alderney companies

- >50% of companies are more than 25 years old
- 58 connected with e-gambling



Company classifications

- Supervised companies – eg FSBs & CIS
- Cellular companies – ICC & PCC
- Charities and NPOs – covered under NRA2
- Administered companies
- Non-licensee administered companies
- GCRA regulated companies – not assessed
- Alderney companies

Other types of legal persons

- Limited partnerships with legal personality
- Limited liability partnerships
- Foundations

- Foreign legal persons – companies and foundations



Types of legal arrangements

- Guernsey trusts – discretionary trusts
- Purpose trusts
- Limited partnerships without legal personality
- Employee benefit trusts
- Pension trusts – RATS & OPS
- General partnerships
- Foreign legal arrangements – trusts and limited partnerships

Vulnerabilities

- Concealment of criminal proceeds and/or beneficial ownership
- Cross-border activities – beneficial ownership, directors, and asset locations
- Use in complex structuring
- Retention of control



Mitigants

- Beneficial ownership information at registries, AGCC, GFSC and Revenue Service
- Role of licensees subject to AML/CFT/CFP obligations and supervision
- Highly knowledgeable and professional private sector
- Specific product features – inflexibility of pension trusts, long lock-ins on collective investment schemes

ML, TF and PF Residual Risks – legal persons

	Money Laundering	Terrorist Financing	Proliferation Financing
Administered – asset	Higher	Lower	Lower
Foreign legal person	Higher	Lower	Lower
GFSC supervised - CIS	Medium	Lower	Lower
Administered - other	Medium	Lower	Lower
Cellular companies	Medium	Lower	Lower
Ltd partnership	Medium	Lower	Lower
Non-administered co – cross-border	Medium Lower	Lower	Lower
Alderney – cross-border	Medium Lower	Lower	Lower
Foundations	Medium Lower	Lower	Lower
Ltd liability partnership	Medium Lower	Lower	Lower
GFSC supervised & domestic	Lower	Much Lower	Much Lower

ML, TF and PF Residual Risks – legal arrangements

	Money Laundering	Terrorist Financing	Proliferation Financing
Discretionary trusts	Higher	Lower	Lower
Purpose trusts	Medium	Lower	Lower
Limited partnership w/out legal personality	Medium	Lower	Lower
Foreign legal arrangements	Medium	Lower	Lower
Employee benefit trusts	Medium Lower	Lower	Lower
Pension trusts	Medium Lower	Lower	Lower
General partnerships	Lower	Much Lower	Much Lower

Using the LP & LA NRA

- Will the Handbook be updated – *No*
- By when must BRAs take the LP & LA NRA into account – *next iteration*
- What does it mean for Business Risk Assessments – *assist assessing products/service risk & customers risk*

Thank you

