



Bailiwick of Guernsey
Financial Intelligence Unit

Guidance to Improve Suspicious Activity Reports (SARs)

*Financial Intelligence Unit
Revised version December 2021*

Contents

1. Overview	1
2. International Obligations	2
3. Internal Policies and Procedures	2
4. National Risk Assessment	3
5. Content of the SAR.....	3
6. Reason for Suspicion.....	4
7. What Information Should I Include in the SAR?	5
7.1 Key Subject Details / Information	5
7.1.1 Natural Persons.....	5
7.1.2 Legal Arrangements / Persons	6
7.2 Funds Subject to Suspicion	6
8. Submitting a Paper SAR	7
9. Reporting a Crime	7
10. Caveat.....	7

Guidance to Improve Suspicious Activity Reports (SARs)

1. Overview

Suspicious Activity Reports (SARs) are disclosures submitted to the Financial Intelligence Unit (FIU) via the THEMIS online reporting system, under the provisions of The Disclosure (Bailiwick of Guernsey) Law, 2007, and The Terrorism and Crime (Bailiwick of Guernsey) Law, 2002.

This document will provide guidance to all reporting entities on how to improve the quality of SARs submitted to the FIU. It outlines the type of information required to enable the FIU to fully understand the relationship held and the nature of the suspicion pertaining to it, in order that the FIU can make an informed decision as to how to develop the information provided.

Good quality SARs allow for high quality information to be efficiently and effectively analysed and developed by the FIU for dissemination domestically to the Economic Financial Crime Bureau (EFCB), Bailiwick Law Enforcement (BLE), Guernsey Financial Services Commission (GFSC), Alderney Gambling Control Commission (AGCC), Revenue Service, Guernsey Registry, Policy & Resources Committee, and Law Officers of the Crown (LOC). The FIU is also responsible for the dissemination of intelligence internationally to other FIUs, overseas competent authorities, or Law Enforcement Agencies. The dissemination of intelligence by the FIU assists in combatting financial crime, and in particular, money laundering (ML), terrorist financing (TF) and proliferation financing (PF).

The FIU highlights that Chapter 13 'Reporting Suspicion' of the GFSC Handbook¹ on Countering Financial Crime and Terrorist Financing (13 June 2019), states the following:-

13.9. Information to be provided with a Disclosure

- 45. The firm should provide the FIU with a full account of the circumstances and grounds (suspected underlying criminality) for suspicion. In providing such detail the firm should include as much relevant information and documentation as possible (for example, CDD information, statements, contract notes, minutes, transcripts, etc.) to demonstrate why suspicion has been raised and to enable the FIU to fully understand the purpose and intended nature of the business relationship or occasional transaction.*

¹ Guernsey Financial Services Commission, Handbook on Countering Financial Crime and Terrorist Financing. <https://www.gfsc.gg/sites/default/files/20190613%20-%20Handbook.pdf>

This guidance was originally published in October 2019, and updated in March 2020 and all disclosing institutions were recommended to adopt this approach. The guidance has been updated following correspondence issued to reporting entities Board of Directors by the FIU and GFSC in respect of the quality of SAR's submitted to the FIU.

This guidance is not exhaustive and it is the responsibility of the person making the disclosure to submit all of the relevant information detailed in this guidance when submitting a SAR via THEMIS.

2. International Obligations

Reporting suspicion of ML, TF and PF is a requirement under the Financial Action Task Force (FATF) Recommendations² which are internationally endorsed global standards. The Bailiwick of Guernsey must demonstrate that it has effective Anti-Money Laundering and Countering Financing of Terrorist (AML / CFT) systems to comply with the standards set by the FATF.

If a financial institution suspects or has reasonable grounds to suspect that funds are the proceeds of criminal activity, or are related to TF, or PF; it is required to report it promptly to the FIU, including attempted transactions or activity as set-out in FATF Recommendation 20.

The FIU must demonstrate that financial intelligence and other relevant information is collated, analysed and disseminated to be able to be used effectively to adhere to the FATF Standards (Immediate Outcome 6). It is therefore vital for reporting entities to provide as much information as possible when reporting suspicion to the FIU as this will assist the FIU in providing reliable, accurate and up-to-date information to other competent authorities. This includes attaching additional documents (as per the GFSC handbook) to the THEMIS documents tab, to assist the FIU in understanding the suspicion identified.

3. Internal Policies and Procedures

Reporting entities must have the appropriate policies, procedures and controls in place in respect of reporting suspicion to the FIU. The FIU, in collaboration with the GFSC, conducted a 'Reporting Suspicion Workshop' in November 2021 which highlighted the importance of reporting high quality SARs with accurate and up-to-date information to the FIU.

The FIU has also highlighted the requirement for the Board of Directors to ensure that they have sufficient internal policies, procedures and controls in place to ensure all SARs meet

² Financial Action Task Force Recommendations
[Documents - Financial Action Task Force \(FATF\) \(fatf-gafi.org\)](https://www.fatf-gafi.org)

the guidance and to comply with the relevant regulatory framework. A recent thematic review conducted by the GFSC on reporting suspicion had identified that improvements are required in some policies and procedures.

4. National Risk Assessment

The Bailiwick's National Risk Assessment³ (NRA) identifies the sectors / products that pose a potential risk to ML and TF. In addition to the workshop detailed in section 3, the FIU has advised the Board of Directors of all banks, personal and lead fiduciaries, investment and securities businesses and legal advisors (NRA residual risk rating of **Higher**, **Medium** **Higher** and **Medium**) to review the standard of SARs made by them to the FIU, ensuring that the SAR content adheres to this guidance.

Reporting entities should consider the findings of the NRA when reporting suspicion to the FIU. The Bailiwick's primary ML threats arising from foreign criminality is most likely to involve bribery, corruption and fraud (including tax evasion), followed by drug trafficking and insider dealing and market manipulation.

The sectors most at risk of being used for foreign criminality are the private banking sector and the part of the Trust and Company Service Provider sector dealing with legal persons and legal arrangements. The products most likely to be involved in laundering foreign proceeds are domestic legal persons or legal arrangements involved in certain types of cross-border business and foreign legal persons with a link to Guernsey.

Based on the sources of Guernsey's cross-border business, criminal proceeds are most likely to be sent from (or linked to) the UK, followed by countries in Europe, the USA, the Russian Federation and, to a lesser extent, other countries such as South Africa, China, Nigeria, India and the UAE.

5. Content of the SAR

SARs contain information that will assist the FIU in understanding the background to the suspicion and the relationship with the client. It is therefore vital that SARs should provide a coherent narrative in which the role of every related party is clearly set out.

In general terms a report should be structured in a clear and concise manner avoiding the use of acronyms. It will be necessary to describe the service you provide or a technical aspect of the relationship to enhance the reader's understanding of the report.

³ Bailiwick of Guernsey National Risk Assessment
[CHttpHandler.ashx \(guernseyfis.gg\)](http://CHttpHandler.ashx(guernseyfis.gg))

It is recommended that the following criteria be included in the SAR, however this list is not exhaustive as each is case dependant;

- Criminality / suspicion identified (brief outline of criminal activity suspected)
- Details of subject / entity of suspicion
- Relationship / services provided to subject / entity who last held relationship
- Location of and value of assets under administration / management or control
- Source of funds / source of wealth information held
- What activity prompted the SAR (transaction monitoring / open source / typology)
- Details of suspicion (rationale)

6. Reason for Suspicion

This narrative should be entered in the 'summary field' on the SAR and is free text. This should contain sufficient information for the FIU to understand the reason for the suspicion and should include;

- a chronological account of the relationship
- the subsequent event(s) or information that has led to the suspicion or knowledge or reasonable grounds for knowing, or, suspecting that another person is engaged in money laundering, or, that certain property is (or is derived from) the proceeds of criminal conduct.

For example; merely stating that an adverse open source article on a client has been found is not in itself sufficient information. The relevant information that should be provided is how the adverse information relates to the relationship held and how it gives rise to a suspicion of money laundering / terrorist financing.

The rationale behind the reason for suspicion and the context of why the SAR is being submitted should be clearly communicated. This should include the type of suspected underlying offences (criminality) or terrorist activity where known. The FIU recognises that the person submitting the SAR may have insufficient information to be able to specify this.

This should ideally start with a paragraph outlining the suspicion. For example 'This SAR has been submitted due to a suspicion or knowledge of.....'

The text should then go on to fully explain the following;

- Who is involved?
- How are they involved?
- How did the circumstances arise?
- What is the criminal / terrorist property?
- What is the value of the criminal / terrorist property (estimated as necessary)?

- Where is the criminal / terrorist property? (E.g. property in Spain, investments held in Switzerland etc.)
- When are the circumstances planned to happen?
- When did the circumstances arise?
- Why are you suspicious or how do you have knowledge?

7. What Information Should I Include in the SAR?

The sections below provide a brief summary of the information that should be included in the SAR. If you are attaching documents to the SAR then these should be added utilising the documents 'tab' on THEMIS. Please note this is not an exhaustive list.

7.1 Key Subject Details / Information

Where a person or entity is referenced in the summary outlining the reasons for suspicion they must be entered as a subject on the SAR. All available details must be populated in the appropriate fields on the subject card with all the information known to the reporting entity. Where information is not available best practice is to indicate such within the appropriate field as not known / not held / not available.

It is appreciated that the amount of information held by the disclosing institution will depend on the circumstances of the relationship with the subject or subjects of the report. However, if by nature of the relationship it would be reasonably expected that the information should be known but is not, then an explanation should be provided.

If the relationship includes the involvement of a third party this should be stated within the content of the SAR and such parties should be entered as subjects. For example; if an introducer or intermediary has facilitated the relationship, nominee arrangements, power of attorney etc. the relevant subject details should be included.

The following information is required for each type of subject. Please note that disclosing institutions are obliged to hold this information under Chapter 5 '*Natural Persons*' and Chapter 7 '*Legal Persons and Legal Arrangements*' of the GFSC Handbook:

7.1.1 Natural Persons

- Full legal name/s (including any former names or known aliases)
- Addresses (type to be specified e.g. home, business, contact etc.)
- Date and place of birth
- Nationality
- Occupation
- Identification document details (including relevant reference or document numbers e.g. passport, driving licence, National Insurance Number etc.)
- Contact information (including telephone numbers and email addresses. Type to be specified e.g. home, business, personal etc.)

- Details as to any Politically Exposed Person (PEP) categorisations

7.1.2 Legal Arrangements / Persons

- Full legal name including designation (e.g. Limited, LLP, SA, GmbH, SARL and / or trading name etc.)
- Type and form (e.g. in the Guernsey context 'cellular company' would be the type of legal person and 'Protected Cell Company (PCC)' the form)
- Date of registration / incorporation / settlement
- Jurisdiction of registration / incorporation and registered number
- Addresses (type to be specified e.g. home, business, contact etc.)
- Nature and jurisdiction(s) of business activity
- Full details as to the beneficial owners and settlors of the respective entity, including jurisdiction
- Full details as to any further persons who control / exercise control over the respective entity
- Jurisdiction(s) and details of assets held

7.2 Funds Subject to Suspicion

Details must be included outlining the funds or transactions which relate to the suspicion of the disclosing institution.

Where reference is made to any assets the following details should be included;

- Nature of the assets;
 - What do the assets consist of?
 - What is the value?
 - In which jurisdiction(s) are the assets held?
- Nature of the transaction;
 - What is the value?
 - Which parties are involved?
 - What is the value of the parties' wider business relationship?
 - Which jurisdictions are involved?
 - What are the account details?
- Account information;
 - Sort code / Account number (format 012345 12345678)
 - Date account opened / closed
 - Product type
 - Dates of commitment / drawdown / redemption / maturity (as applicable)
 - Please ensure the THEMIS accounts card is completed
- Source of funds
 - Where did the funds originate from?
 - How were they generated?
 - Where were they moved from?
- Source of wealth
 - How was the subject or subjects' wealth generated?

8. Submitting a Paper SAR

THEMIS is the prescribed manner in which to report SARs to the FIU. In exceptional circumstances a reporting entity can request to submit a paper SAR to the FIU. Permission must be sought from the Head of the FIU (or the deputy) before a SAR can be submitted in paper including the exceptional circumstance which justify submitting a paper SAR. If you wish to submit a paper SAR contact the Head of the FIU;

Financial Intelligence Unit: (01481) 225824 Email: FIU@gov.gg

9. Reporting a Crime

The SAR regime is not the route to report a crime or matters relating to immediate risk to others. Where an institution, for example, has been the victim of a fraud or has concerns for the welfare of a client this should be reported to the relevant Law Enforcement Authority / jurisdiction as appropriate.

*Economic Financial Crime Bureau: (01481) 221500
Guernsey Police telephone number: (01481) 222222*

10. Caveat

For the avoidance of doubt, this guidance is issued by the FIU to assist industry in discharging their legal duties in regards to SARs and does not constitute legal advice. Anyone who has concerns about any of the matters covered in this guidance should obtain independent legal advice. This guidance is issued to clarify the FIU's expectations from industry. It may be revoked or amended at any time.

Issued by the Guernsey FIU.

Revised December 2021

[Report End]