



**Bailiwick of Guernsey
Financial Intelligence Service**

**Guidance to Improve
Suspicious Activity Reports
(SARs)**

Overview

Suspicious Activity Reports (SARs) are disclosures submitted to the Financial Intelligence Service (FIS) 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 FIS. It outlines the type of information required to enable the FIS to fully understand the relationship held and the nature of the suspicion pertaining to it, in order that the FIS 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 FIS for dissemination to overseas competent authorities, Bailiwick Law Enforcement and other government and regulatory authorities in order to combat financial crime, and in particular, money laundering, terrorist financing and proliferation financing.

ALL DISCLOSING INSTITUTIONS ARE RECOMMENDED TO ADOPT THIS APPROACH.

The FIS highlights that **Chapter 13 “Reporting Suspicion”** of the Guernsey Financial Services Commission (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 *FIS* 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 *FIS* to fully understand the purpose and intended nature of the *business relationship* or *occasional transaction*.

THIS GUIDANCE IS NOT EXHAUSTIVE AND IT IS THE RESPONSIBILITY OF THE PERSON MAKING THE REQUIRED DISCLOSURE TO SUBMIT ALL OF THE RELEVANT INFORMATION

Content of the SAR

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 may occasionally be necessary to describe the service you provide or a technical aspect of the relationship to enhance the reader’s understanding of the report.

As a minimum, it is recommended that the following criteria be included in the SAR:

- 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)

Reason for suspicion

The narrative should be entered in the summary field on the SAR and is 'free text'. This should contain sufficient information for the FIS to understand the reason for the suspicion over the relationship held, providing a chronological account of the relationship referred to, and 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 give rises 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 FIS 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?

What information should I include in the SAR?

PLEASE NOTE THIS LIST IS NOT EXHAUSTIVE

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 disclosing institution. 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 reasonably be 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 attorneys 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:

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

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

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?

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| | Which jurisdictions are involved?
What are the account details? |
| • Account Information – | Sort code / Account number (format <i>012345 12345678</i>)
Date account opened / closed
Product Type
Dates of commitment / drawdown / redemption / maturity
(<i>as applicable</i>)
[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? |

Effective Use of Intelligence

High quality SARs, together with a wide variety of financial intelligence and other relevant information collected, enable the FIS to effectively develop, analyse and disseminate reliable, accurate, and up-to-date financial intelligence to overseas and domestic competent authorities for use in investigations of money laundering, terrorist financing, and proliferation financing.

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 / Jurisdiction as appropriate.

Caveat

For the avoidance of doubt, this guidance is issued by the FIS to assist industry in discharging their legal duties in regard of 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 FIS' expectations from industry. It may be revoked or amended at any time.

Issued by the Guernsey FIS

October 2019

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