

ONBOARDING A POLITICALLY EXPOSED PERSON (PEP) AT ARTEMIS:

A Comprehensive Approach

Introduction

Artemis Fiduciaries, a leading fiduciary services provider in Guernsey, operates in a well-regulated environment where compliance, risk management, and due diligence are paramount. When onboarding a client with connections to a Politically Exposed Person (PEP), Artemis follows a rigorous framework that aligns with Guernsey's anti-money laundering (AML) laws and regulations. These laws and regulations are derived from the Financial Action Task Force's (FATF's) forty recommendations that over 200 countries worldwide have committed to following.

This document outlines Artemis' approach to dealing with client structures that include a PEP. It covers the types of PEPs, the additional controls that are applied to client structures including PEPs and the options for declassifying PEPs.

A man in a dark suit and light blue tie stands with his arms crossed in a high-rise office. He is looking towards the camera. The office has large windows offering a panoramic view of a city skyline and a river. A desk with a telephone and a glass of water is visible in the foreground.

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Understanding PEPs and Their Classification

A PEP is an individual who holds, or has held, a prominent public position. Holding such positions makes them more susceptible to corruption risks. In line with FATF recommendation 12, there are three classes of PEP in Guernsey:



Foreign PEPs

Individuals who hold or have held senior public positions in jurisdictions outside the Bailiwick of Guernsey.



Domestic PEPs

Individuals who hold or have held one of a set of specific senior public positions within Guernsey.



International Organisation PEPs

Individuals who hold or have held senior positions within international organisations such as the United Nations, NATO, the European Union and the World Bank.

PEP status extends to close associates and family members of PEPs. These individuals are known as PEPs by association. The following criteria are the starting point for deciding whether an individual is a PEP by association. However, there can be additions to these depending on the situation – especially in the context of extended families.

1. Close associate

- (i) A person who is known to have a close business relationship with a PEP, or
- (ii) A person who is in a position to conduct substantial financial transactions on behalf of such a person.

2. Family member

- (i) A spouse
- (ii) A partner (someone equivalent to a spouse but not formally married)
- (iii) A parent
- (iv) A child
- (v) A sibling
- (vi) A parent-in-law
- (vii) A grandchild



Key Risks and Regulatory Considerations

PEPs (including PEPs by association) pose heightened financial crime risks due to their potential to be involved in bribery or corruption or to use their influence for illegal gain for themselves or others.

Thus, client structures that have PEPs associated with them are subject to additional controls to mitigate these risks. These include:

- Completing a profile on the PEP which assesses their potential to be involved in financial crime.
- Assessing the financial crime risk that the PEP poses to the associated client. This depends on the type of PEP, the nature of their PEP role and the nature of their connection to the client.
- The assessment of the financial crime risk arising from the presence of a PEP in a client structure is a key factor in the ultimate risk rating of a client structure. However, not all client structures with a PEP connection are rated as high risk. It depends on the nature of the connection and the PEP.



- Where the financial crime risk of a client structure is rated as high (this can be due to the presence of a PEP or for other reasons), Artemis applies enhanced due diligence to the client. This takes a number of forms including, without limitation:
 - Obtaining senior management approval for establishing and maintaining the client relationship
 - More regular monitoring of the financial risk of the client structure
 - Increased monitoring of the transactions in the client structure
 - Increased requirements for verifying the client structure's source of funds and the source of wealth of those introducing funds. This usually involves seeking verified documentary evidence.
 - More detailed identification and verification of natural and legal persons associated with the client structure including:
 - * Having a lower ownership threshold above which verified due diligence is required.
 - * Requiring updated ID documents such as passports, whenever they pass their validity date.



Declassification of a PEP

A PEP (including a PEP by association) may be declassified (i.e. cease to be considered a PEP) under certain circumstances. These depend on the type of PEP, the length of time since the PEP ceased to hold the position that resulted in them being a PEP and their level of on-going political exposure.

For all but Guernsey domestic PEPs, the minimum time before declassification is seven years. However, PEPs who are heads of state, heads of government or heads of international organisations can never be declassified. Neither can PEPs with the power to direct the spending of significant sums. This prohibition on declassification also applies to individuals who are PEPs by association with such PEPs. Furthermore, if Artemis decides that the financial crime risk arising from a PEP's position remains (even after seven years), then we will not declassify a PEP. We will, however, continue to review the situation, typically annually.

Conclusion:

A Commitment to Compliance and Excellence

At Artemis, the onboarding of clients with connected PEPs is a rigorous process that ensures adherence to Guernsey's laws and regulations on countering financial crime while protecting the firm's reputation. Through rigorous due diligence, proactive risk assessment, and ongoing monitoring, Artemis remains a trusted partner in the global fiduciary landscape.

With compliance embedded at the core of its operations, Artemis ensures that its high-net-worth clientele, including PEPs, can navigate complex financial structures transparently and ethically – preserving both their wealth and their integrity.



For more information

on Artemis' compliance framework or to discuss your fiduciary needs,
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Artemis Fiduciaries is the trading name for all companies within the Artemis Group, including Artemis Trustees Limited, PO Box 100, Plaza House,
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