Group of International Finance Centre Supervisors

Standard on the Regulation of Trust and Corporate Service Providers

(Issued September 2014, revised December 2018)

First Round Mutual Evaluation Report

Jersey

Adopted April 2019

Background

1. The Group of International Finance Centre Supervisors (formerly named the Offshore Group of Banking Supervisors) was formed in October 1980, at the instigation of the Basel Committee on Banking Supervision, as an association of the relevant authorities concerned with the supervision of banks and related financial services primarily engaged in cross-border activities.

2. While maintaining a close working relationship with the Basel Committee on Banking Supervision the Group has since developed into a body which has represented the interests of member jurisdictions on the whole range of banking supervision matters, AML/CFT issues, supervision of funds and securities activities, and the regulation of trust and company service providers (TCSPs). In the mid-1990's the Group became an observer body attending meetings of the FATF. It is also a member of the FSB Regional Consultative Group for Europe, and a member of the Basel Consultative Group.

3. Nineteen jurisdictions were members of GIFCS as at June 2018.

4. In 2002 the Group published a paper on best practices in the regulation of Trust and Company Service Providers. Building on the significant experience of GIFCS members with licensing and regulating TCSPs, a new Standard for the Regulation of TCSPs was issued in October 2014. That Standard has now developed into a full regime embracing a Multi-Lateral Memorandum of Understanding, peer group assessments of members' compliance against the Standard, and meetings of colleges of supervisors on an as-needed basis.

5. The Standard incorporates the following objectives:

   - customers of TCSPs should receive a degree of protection equivalent to that afforded to the customers of other financial institutions.
   - TCSPs should be subject to a similar regulatory regime as other financial institutions.
   - to be effective, standards should be applied internationally.

6. The Standard notes that "Regulators should view the Standard as a minimum requirement that sets out the broad framework for TCSP oversight, which can be tailored to each jurisdiction's individual needs. Regulators should apply the Standard to all TCSPs in their jurisdiction. Jurisdictions may satisfy the Standard by adopting requirements which are of substantially similar effect and may impose higher standards in some or all areas where national legislation requires. It is recognized that the Standard may be supplemented by other measures in individual jurisdictions designed to mitigate risks of TCSPs."

7. Following initial self-assessments by members, in November 2016 a plenary session of GIFCS agreed to commence a first round of mutual evaluations against the Standard.

8. This is the report of the first round mutual evaluation of Jersey. The evaluation included a desk-based review and a visit to Jersey which was conducted in the week of 30 October to 3 November 2017.

9. This report:

- Evaluates technical compliance with the Standard;
- Evaluates effectiveness in applying the Standard in practice, using a broad range of measures of effectiveness appropriate to the subject matter.

The first round mutual evaluation process

10. The following process was adopted:

- Jersey Financial Services Commission ("JFSC") submitted a technical self-assessment;
- JFSC provided information on effectiveness of implementation;
- Assessors reviewed the information provided;
- Assessors carried out an on-site visit including meetings with JFSC (including companies registry), Jersey FCU and compliance officers of several leading TCSPs;
- Draft analysis sheets and drafts of the visit report were prepared and circulated to JFSC for comment;
- Some aspects of the Standard which were found to be ambiguous were referred to a working group for disambiguation;
- The recommendations of the working group were determined at the May 2018 GIFCS Plenary Session. The report reflects the decisions of the Plenary Session on those matters;
- The report was subject to a moderation process prior to finalisation;
- A close to final draft was circulated to the peer reviewers and the assessed jurisdiction
- The same draft was circulated to GIFCS members and discussed at the November 2018 plenary;
- At the plenary it was agreed that the report could be finalised and published by agreement of the Chairman, assessors and JFSC. Actions arising from recommendations made will be followed up by plenary.

11. GIFCS will invite each assessed jurisdiction to give feedback on the mutual evaluation process following its first round evaluation. The assessors believe that this should further support and benefit the development of the mutual assessment process.

Assessment philosophy and approach

12. In conducting the assessment, the assessors took into account the following considerations:

    - GIFCS members have committed to meet the Standard;
    - Self-evaluation is an important component of the overall evaluation process. Self-evaluation should be accurate and effective – it should lead to action where necessary;
    - Mutual evaluation should take into account the extent to which the assessed jurisdiction's self-evaluation has been accurate and has demonstrated a pro-active approach to correction of any deficiencies against the Standard which were self-identified;
    - The findings of other external evaluations should be taken into account in the GIFCS mutual evaluation process (having regard to the scope of such evaluations and the time elapsed since they were undertaken). Jersey had recently received a MONEYVAL fourth round mutual evaluation, which indicated a generally high level of compliance and identified action on the remaining points. The assessors took into account the MONEYVAL findings on AML/CFT matters and sought not to duplicate MONEYVAL's work in this area.

Ratings to be used

13. The GIFCS methodology applies ratings set out below. These were applied during the review process at paragraph level in the main Standard (part 3). Ratings are not applied to the Principles (Part 2). The "1 – 4" ratings at paragraph level summarise whether action is required, and the status of such action.

Rating	**Description**
1	In place and being effectively applied through legislation and/or other enforceable arrangements
2	In place and largely being applied, but possibly lacking full enforceability
3	Effective measures planned with political support, with introduction and implementation in demonstrable progress
4	Requirements not planned, or not in progress as per 3 above.

14. Ratings at section level are on the widely-used basis of Compliant (“C” – no shortcomings), Largely Compliant (“LC” – only minor shortcomings), Partly Compliant (“PC” – moderate shortcomings) and Non-Compliant (“NC” – major shortcomings). These are compiled taking into account the paragraph ratings in each section as at the date of the visit. Post-visit events are reflected in the text of the report but not the ratings.

Disambiguation and guidance

15. Evaluation against a Standard is an iterative process in which both the evaluated jurisdiction and the standard-setting body learns from the experience. Jurisdictions share the benefits of their experiences and the relevant standard and methodology are refined as a result of learning points arising from each round of mutual evaluations.

16. Matters for clarification will arise more frequently in the first round of mutual evaluations than in subsequent rounds. Any such matters which were identified in the course of this evaluation are set out in the amended Standard, which is appended to this report.

17. The first round evaluation of Jersey identified matters in which it was agreed by the jurisdiction and the assessors that disambiguation would be valuable for the purpose of this and future assessments. These matters, alongside topics identified by other GIFCS members were addressed by a Working Group on Disambiguation. The working group submitted its recommendations to the GIFCS Plenary meeting in London on 1 – 2 May 2018. The Plenary decided which of the working group’s recommendations to adopt. Subsequently a version of the Standard incorporating these updates was submitted to the November 2018 Plenary for adoption. The amended Standard (version 1.1) was adopted.

18. Referral for disambiguation or guidance should not be interpreted as representing a disagreement between the assessors and the jurisdiction; there were only one or two matters where the views of the assessors and JFSC significantly diverged. On many interpretations the assessors and JFSC were in agreement; but sought a working group review because another interpretation was possible.

19. The completion of the report was held back pending the working group’s deliberations; the assessors wish to thank JFSC for its patience in that regard, and the working group members for their consideration of the matters raised.

20. In the interest of comparability with other mutual evaluation reports, this report aims wherever possible to reflect compliance against the Standard as amended after disambiguation.

The jurisdiction

21. Jersey is a Crown Dependency located in the Channel Islands. Crown Dependencies are under the British Crown, but self-governing and not part of the UK. Jersey has its own parliament (the States of Jersey) and its own laws and its own legal system. Jersey's resident population at the end of 2016 was estimated as 104,200.

22. Jersey's currency is the (British) Pound. Gross Domestic Product in 2016 was £4.11bn (approximately US $5.7bn) and GDP per head of population in Jersey in 2016 was £39,500 (approximately US$55,300). The Financial Services sector accounted for 41% of Gross Value Added in 2016.

The regulator

23. The Jersey Financial Services Commission ("JFSC") is established under the Financial Services Commission (Jersey) Law 1998. Its mission statement is reproduced below:

    - *"Our mission is to maintain Jersey's position as a leading international finance centre with high regulatory standards whilst adhering to our guiding principles:*
    - *Reducing risk to the public of financial loss due to dishonesty, incompetence, malpractice or the financial unsoundness of financial service providers*
    - *Protecting and enhancing the reputation and integrity of Jersey in commercial and financial matters*
    - *Safeguarding the best economic interests of Jersey*
    - *Countering financial crime both in Jersey and elsewhere."*

24. The Board of Commissioners is appointed by the States of Jersey, but under a process which is designed to take into account the need for the regulator to be independent. The Board consists of nine non-executives (the Chairman, Deputy Chairman and seven other members) and the Director General who is the chief executive of JFSC.

25. JFSC staff during the year to 31 December 2016 averaged 130 Full Time Equivalent[1] staff. Staff costs in 2016 were £11.1m out of total expenses of £15.6m.

26. JFSC's remit includes the Jersey Companies Registry, which also operates a register of beneficial ownership (and collects beneficial ownership information under Jersey's Control of Borrowing Law of 1947).

27. JFSC states that "Jersey was one of the first jurisdictions to regulate trust and company service providers and the sector consequently reflects a maturity and breadth of firms, ranging from the largest banks through to owner-managed businesses of many years

[1] FTE counts part time staff as a proportion of full time. One person working 2.5 days per week is 0.5 FTE.

standing. At the end of 2016, Jersey was home to 180 regulated trust and company service providers, holding between them 849 trust company business licences."

28. Recent developments which are relevant to the mutual evaluation have included:

    - Restructuring of TCSP supervision away from a pure sector basis in response to the profile of the local industry. Firms or groups which conduct fund management or administration alongside TCSP activities are now supervised separately from the, mainly smaller, firms which are solely TCSPs.
    - JFSC is updating its risk models for enterprise risk management and for modelling the risks of regulated businesses.

29. The assessors also held meetings with the Financial Crime Unit ("FCU") and with compliance officers from several regulated TCSPs.
30. JFSC's staff were positive, constructive and highly engaged with the assessment process, and gave the mutual assessment team full cooperation and assistance.

The revised supervisory structure and approach

31. JFSC is carrying out an ongoing process to enhance and develop its risk methodology and supervisory approach.
32. JFSC presented reports on the progress that has been made, and explained its plans for the future.
33. The ongoing nature of the project presented some practical challenges to JFSC and to the assessors, particularly in demonstrating and assessing outcomes. The assessors have sought to give a balanced reflection of the present position, whilst taking into account both the starting point and the expected outcome.

Report date and post-visit events

34. The report is based on the position as at the last day of the on-site visit.
35. Post-visit events are reflected if a change is in effect six weeks before the presentation of the report to the GIFCS Plenary Session for adoption.
36. In this mutual evaluation the principal post-visit event is that the revised Code of Practice for Trust Company Business ("TCB Code") made under the Financial Services (Jersey) Law) 1998 came into effect on 21 March 2018. At the time of the visit, JFSC had been consulting on proposed amendments to the Code. Several amendments to the Code arose from JFSC's self-assessment against the Standard, and these are reflected as post-visit events in the relevant sections of the report.

37. JFSC has also provided post-visit information on the progress of the restructuring of its supervision division and ongoing projects related to risk assessment and enhanced IT.

Summary and key findings

38. JFSC had carried out a self-assessment prior to the on-site work. The assessors regard the self-assessment as comprehensive. In the view of the assessors, the self-assessment shows a high baseline level of compliance with the main features of the Standard. Prior to the on-site visit, JFSC had commenced work to address and remedy a limited number of deficiencies which its self-assessment identified. Some of these changes were to JFSC's own procedures, which had been amended by the time of the on-site visit. Other matters required amendments to the TCB Code; as noted above, these are reflected in the report as post-visit events.

39. In the view of the assessors, JFSC is implementing change on a proactive basis, both as part of its ongoing enhancement of its risk methodology and supervisory approach, and in response to self-assessment against this standard. JFSC also advised assessors that actions arising from the MONEYVAL report were being addressed.

40. The mutual evaluation identified a small number of matters that were not already underway or clearly documented. The assessors recommended action by JFSC in these matters.

GLOSSARY

41. The report follows the definitions established in the Standard and set out in Part 1 of the Standard for the following terms:

- Client
- Client Money
- Controller
- Key Person
- Shareholder Controller
- TCSP
- Vehicle

42. Additional terms and abbreviations used in this report include:

JFSC	Jersey Financial Services Commission
GIFCS	The Group of International Finance Centre Supervisors
TCB	Trust Company Business. The term used in Jersey legislation to describe TCSPs (see below). It covers either or both of CSP and TSP services.
TCSP	Trust and Company Service Providers, as defined in the Standard, is used generically in this report, to cover either or both of CSP and TSP services.
TSP	A sub-set of TCSPs, relating specifically to the provision of services to trusts and other legal arrangements
CSP	A sub-set of TCSPs, relating specifically to the provision of services to companies and other legal persons
The Standard	The Standard on the Regulation of Trust and Corporate Service Providers as issued by GIFCS in 2014 and revised in December 2018

THE PRINCIPLES FOR REGULATION

43. The first substantive section of the Standard is the Principles for Regulation (Part 2 of the Standard).

44. The Principles set out high level objectives, covering the regulator, the regulatory regime, domestic and international cooperation, enforcement, and other requirements for the jurisdiction.

45. GIFCS has agreed that the Principles are addressed as a whole rather than point by point for technical compliance and effectiveness. The Principles are supported by more detailed and granular material in the Standard itself (Part 3 of the Standard document).

Observations relating to Part 2 of the Standard - the Principles

Summary

- **JFSC and other public bodies from Jersey provided evidence of Jersey's compliance with the principles, both in law and in practice.**

Principles relating to the Regulator

46. The assessors observed that JFSC had a well-qualified Board of Commissioners and that the level of staffing appeared satisfactory both in terms of numbers of staff and in terms of qualifications and experience.

47. The assessors consider that the appointment process for Commissioners includes suitable checks and balances.

48. The Board of JFSC has articulated an approach to corporate governance, referencing the UK Corporate Governance Code.

49. The assessors explored with JFSC the balance between operational independence and accountability. This included potential areas of risk of political interference, around the appointment of Commissioners and arising from the ability of the Government to issue a direction to the JFSC[2]. The assessors noted the requirement for prior consultation before any direction was issued, and JFSC's confirmation that the power of direction does not extend to day to day technical matters. Only one direction had been issued

[2] Financial Services Commission (Jersey) Law1998, article 12(1): "The Minister may, after consulting the Commission and where the Minister considers that it is necessary in the public interest to do so, give to the Commission guidance or give in writing general directions in respect of the policies to be followed by the Commission in relation to the supervision and development of financial services in Jersey and the manner in which any function of the Commission is to be carried out."

by the Government, and that had been at the request of JFSC itself and in the interests of assisting JFSC to define and discharge its responsibilities.

50. JFSC is engaged in identifying and prioritising its enterprise risks in a project which has been agreed by the Board of Commissioners. The project documentation and planning seemed comprehensive with the exception that, at the time of the visit, there was not a decision recording the role of the Board (or a committee of the Board) in setting and reviewing the Commission's risk tolerance or risk appetite levels in line with the UK Corporate Governance Code[3]. Some of the planning documents did not reflect this aspect of the Board's role. JFSC have confirmed that this has subsequently been addressed. The assessors note that the Standard does not require the regulator to conduct enterprise risk management; hence this is recorded as an observation only.

Principles for Regulation

51. The assessors observed that JFSC had established regulatory processes and evidenced its ability to obtain the information that it needed and to exercise effective supervision.

52. JFSC staff are subject to statutory and contractual requirements to maintain confidentiality. A staff code of conduct covers the management of conflicts of interest.

53. The Principles include that the regulator should "have a process to monitor and review its supervision periodically". At the time of the visit, JFSC had recently completed a reorganisation of supervisory staff and was in the process of revising its risk management framework. This was a comprehensive review, covering both enterprise risk management for JFSC itself, and the framework for the risk assessment of regulated businesses.

54. The assessors noted that the reorganisation of supervision was too recent for its effects to be fully demonstrated, and that the new risk assessment framework for regulated businesses was still work in progress. This meant that it was not practical to fully assess the effectiveness of the new structure and risk assessment framework. The assessors therefore took into account the evidence which had been provided of effective implementation under the previous structure.

55. The assessors also took into account the reasons for the reorganisation which were given by JFSC staff in discussion of the reorganisation. One team now covers larger TCSPs and fund managers / administrators, while another covers small TCSPs. This reflects the industry profile in Jersey, where many larger firms are both fund managers

[3] UK Corporate Governance Code 2016 section C: The board is responsible for determining the nature and extent of the principal risks it is willing to take in achieving its strategic objectives. The board should maintain sound risk management and internal control systems. The board should establish formal and transparent arrangements for considering how they should apply the corporate reporting, risk management and internal control principles and for maintaining an appropriate relationship with the company's auditors.

/ administrators and TCSPs. The reorganisation aims to improve supervisory coordination in dealing with such larger firms or groups.

56. Any business transformation process involves risks and short term costs attached to the change. However, the change has been undertaken as a part of a process to enhance supervision, and as such should be regarded as evidence of compliance with Part 2 Section 2 and particularly paragraph 2.2.

57. The reorganisation resulted in a temporary reduction in on-site visits. In 2017 JFSC carried out 15 on-site visits, of which eight were in Q4 (four of these involved TCSPs). JFSC advised the assessors that despite the temporary reduction in on-site visits, supervisors continued to have regular contact with TCSPs via meetings. In 2018 JFSC planned to carry out 54 on-site visits, of which 25 related to TCSPs. At the time of the visit, JFSC regulated 111 incorporated TCSPs, and 68 individuals, who are licensed to provide limited services.

58. The assessors also had regard to JFSC's self-assessment against the GIFCS Standard and JFSC's proposals to amend the TCB Code in response to the Standard.

59. JFSC includes the Jersey Companies Registry. In Jersey the registry takes an active role in assessing the risks of companies applying for incorporation and changes to the control of companies on the register. This is a longstanding arrangement dating back to the Control of Borrowing (Jersey) Law 1947. However, some of the compliance officers who spoke to the assessors seemed not to have a clear understanding of how the company registration and supervisory functions interact within JFSC. Whilst outside the scope of the Standard, the assessors raise as an observation that JFSC should consider whether it could improve external understanding of this interaction.

60. JFSC was not responsible for managing systemic risk in Jersey, but confirmed that it provided input to the Government's analysis of systemic risk.

Principles for Cooperation

61. The assessors noted that JFSC had satisfactory powers to share information, had a network of MOUs and MMOUs, and could provide evidence of these powers being used both proactively and reactively on a frequent basis.

Principles for Enforcement

62. JFSC produced evidence of a range of enforcement powers, and evidenced their use.

Other requirements on Jurisdiction

63. GIFCS agreed to amend paragraph 5.2, "To develop an insolvency regime to solve the problems encountered with insolvent trusts" to replace "insolvent trusts" with "insolvent trust companies".

64. JFSC's procedures when a firm is ceasing business require the directors and the controlling shareholders to commit to a Cessation of Business Plan. Requiring the controlling shareholders to commit to the plan should assist JFSC in holding them to account after the firm has ceased to trade.

Post-visit events

65. In June 2018 JFSC reported that the reorganisation had been completed. Supervision is on an 'enhanced' or 'proactive' basis for larger and higher risk firms and a 'reactive' basis for other firms. There are 27[4] staff in two "relationship managed supervision" teams for all types of regulated business, including TCSPs; staff work flexibly across all sectors. JFSC estimates that resources applied to TCSPs and groups with substantial TCSP content represents approximately 9 full time equivalents. The Supervision Examination Unit has 9 posts. The 'Regulatory Maintenance' team (11 posts) deals with returns and information gathering, for all types of regulated business. One team (7 posts) deals with authorisations for all types of regulated business. The reorganisation makes it more difficult to quantify the staff resource being applied to a particular sector; JFSC may wish to monitor its application of resources across industry sectors.

66. The relationship management teams have oversight of conduct, prudential and AML/CFT issues within TCSPs.

67. Thematic work in 2018 has covered beneficial ownership and control, and client assets.

68. Systems development work on a Customer Relationship Management system is ongoing, as is development of the automated risk model.

[4] The reorganisation has grouped JFSC staff into multi-sector teams. This makes it more difficult to identify what proportion of resources are assigned to the sector (and the figures are for supervisory staff across the industry as a whole). JFSC provided an estimate of its resourcing on TCSP-related work.

PART 3 - THE STANDARD

Observations relating to Part 3A of the Standard - Licensing

Summary

- **JFSC provided evidence of Jersey's compliance with Part 3A, both in law and in practice.**
- **The assessors consider that Jersey has complied and the rating for this Part is Compliant.**
- **The assessors have no adverse findings in respect of Jersey's technical compliance or effectiveness in complying with part 3A of the Standard.**

69. The Standard sets out in Part 3A paragraph 1, five components of the regulatory framework. These are considered below.

The Regulator to license TCSPs that want to operate in or from within the jurisdiction

70. The relevant law requires any person acting as a TCSP by way of business to hold a licence from JFSC. It is an offence to operate without a licence unless an exemption applies. The law defines the scope of TCSP activities which require a licence.

71. MONEYVAL had commented on the exemptions regime, in terms of the scope of AML/CFT requirements. The assessors had a constructive discussion with the JFSC staff who are working on a review in response to the MONEYVAL recommendation. The assessors observed that the exemptions regime is fairly complex and that work to simplify it should be helpful. The assessors did not, however, identify any aspects of the exemptions that appeared to be unjustified in terms of the prudential and conduct regulatory regime.

72. The law is supplemented by a licensing policy. JFSC produced evidence to show that the status of a policy is sufficient in practice to support regulatory decisions. The assessors concluded that the licensing policy appears to represent an effective route to compliance with the Standard.

The Regulator to assess whether a TCSP is at the time of licensing, and remains, fit and proper over the period for which it holds a TCSP licence

73. The law sets out matters which JFSC must have regard to in considering whether to grant a licence. These include the integrity, competence, financial standing, structure and organisation of the applicant, its staffing, and its proposed business.

74. JFSC and the assessors walked-through the authorisations process. There is always at least a four-eyes process applied to an approval. Delegated authority levels are set, and staff report on a monthly basis to the Board of Commissioners on actions taken under delegated authority.

75. Newly authorised firms are said to be allocated a supervisory profile which takes into account risk factors, for example whether the business plan indicates that clients would be from a higher risk country.

76. JFSC provided examples of failed applications for TCSP authorisations, including from firms which had fallen short of Licensing Policy requirements due to inadequate relevant experience, poor quality financial projections or lack of real presence. In the main unsuccessful applicants had withdrawn rather than face a formal refusal.

<u>The Regulator to assess whether the Controllers of a TCSP are at the time of licensing, and remain, fit and proper to hold those interests and/or positions</u>

77. JFSC assesses controllers, and reviews management control and the source of funds. Part 3C of the Standard covers controllers in more detail.

<u>The Regulator to assess whether the Key Persons of a TCSP are at the time of licensing, and remain, fit and proper to hold those positions</u>

78. Key person roles are defined and are subject to vetting and an ongoing fit and proper person test. JFSC provided examples of individuals being found to be not fit and proper persons, and consequently excluded from acting. Part 3D of the Standard covers key persons in more detail.

<u>Withdrawal of the relevant licence in the event that a TCSP is no longer fit and proper or is in material breach of regulatory standards</u>

79. JFSC provided examples of revoked TCSP authorisations and of other interventions. The assessors walked-through a sample of these interventions.

80. The Standard sets out in Part 3A paragraphs 2 to 6, further components of the regulatory framework. These are listed below.

The Regulator should consider the ownership, structure, control and/or management of a TCSP. The ownership structure should not hinder effective supervision or facilitate regulatory arbitrage.

81. JFSC evidenced that this was addressed in the Licensing Policy.

The Regulator should require that a TCSP demonstrates a physical presence in the jurisdiction in which it is regulated

82. JFSC evidenced that this was addressed in the Licensing Policy.

The Regulator should require that a TCSP's affairs are conducted in a prudent and financially sound manner

83. Part 3G of the Standard covers prudential supervision in more detail.

The Regulator should require that a TCSP has appropriate policies, procedures and controls to ensure full compliance with the anti-money laundering and the combating of the financing of terrorism requirements, including the ability to accurately detail the ultimate beneficial owners of vehicles.

84. Part 3I of the Standard covers financial crime and international sanctions in more detail.

The Regulator should require that a TCSP is and remains resourced, structured and organised appropriately so that it can manage all vehicles and assets it administers. This requirement should address policies, procedures and controls, staff capabilities and the numbers and types of appointments to vehicles …

85. Parts 3D and 3H of the Standard address in more detail key persons and other employees, and administration of the TCSP's business.

86. GIFCS has issued guidance that "Attention should be given to the absolute number of directorships. However, the Standard does not set or require a fixed numerical cap."

Observations relating to Part 3B of the Standard - Corporate Governance (of the TCSP)

Summary

- **JFSC provided evidence of Jersey's compliance with Part 3B, both in law and in practice.**
- **Whilst individual items in Part 3B of the Standard have given rise to action points, the assessors consider that Jersey has complied and the rating for this Part is Largely Compliant.**
- **Paragraph B1.9 requiring TCSP boards to self-assess their effectiveness was not met at the time of the visit. Post-visit this was met by the revised TCB Code.**
- **The assessors noted JFSC's plan to ensure that all firms were aware of the requirement to have both an AML/CFT risk assessment and a business risk assessment. Post-visit this was achieved by amending the guidance in the TCB Code.**

Corporate governance of the TCSP

87. The Standard sets out in Part 3B paragraph 1, nine elements of good corporate governance of a TCSP. The last of these, paragraph B1.9, states that Boards of TCSPs [should] undertake a periodic self-assessment of their effectiveness.
88. At the time of the visit this was not a regulatory requirement in Jersey, although JFSC had identified the issue during its self-assessment and started the process to amend the requirements.
89. JFSC provided evidence how the other elements were covered by the regulatory regime.
90. JFSC had identified a gap in some firms' understanding of the difference between the regulatory requirements for an AML/CFT risk assessment and an overall business risk assessment. This was an effectiveness issue – both were required in Codes of Practice. JFSC had developed a plan to highlight to firms through guidance the need for both risk assessments to be in place (see also post-visit events below).

Compliance within the TCSP

91. The Standard sets out in Part 3B paragraph 2, five elements of the Board's responsibility for oversight of the compliance function.
92. JFSC provided evidence how the five elements were covered by the regulatory regime.

Ability to intervene

93. The Standard sets out in Part 3B paragraph 3, that the regulator should be able to intervene in the composition and size of the Board.
94. JFSC provided evidence how this was covered by the regulatory regime.

Corporate directors

95. The Standard requires in paragraph B.4 that regulators shall not permit a corporate director to be on the Board of a TCSP. Natural persons as directors of a TCSP are transparent, should not change without prior regulatory approval (thus safeguarding corporate governance) and avoid potential enforcement challenges when a corporate may be domiciled in a different jurisdiction to that of the TCSP.
96. JFSC's Licensing Policy stated that a corporate director was not acceptable and JFSC advised that no such appointment had been made.
97. Guidance on this paragraph of the Standard states "The expectation is that GIFCS members work towards implementing legislative and/or regulatory restrictions to prohibit corporate directors from being on TCSP Boards. A policy of not having corporate directors would indicate 'largely compliant' status, and the absence of any corporate directors being appointed would indicate a 'highly effective' rating."
98. Taking together the Licensing Policy and the requirement that no director can be appointed without JFSC's "no objection", there is an enforceable regulatory restriction which prevents corporate directors from being on the Boards of TCSPs.

Post-visit event

99. The revised TCB Code came into effect on 21 March 2018, which required periodic self-assessment by Boards, in response to paragraph B1.9 of the Standard. Guidance around risk assessments was also updated, to ensure clarity around paragraph B1.8 of the Standard (differentiating from the AML/CFT business risk assessment).

Observations relating to Part 3C of the Standard - Controllers of TCSPs

Summary

- **JFSC provided evidence of Jersey's compliance with Part 3C, both in law and in practice.**
- **The assessors consider that Jersey has complied and the rating for this Part is Compliant.**
- **The assessors have no adverse findings in respect of Jersey's technical compliance or effectiveness in complying with part 3C of the Standard.**

Fit and proper standards

100. The Standard sets out in Part 3C paragraph 1, five elements of the assessment of fit and proper person status of a controller of a TCSP.

101. JFSC defines controllers to include holders of 10% or more of the share capital; this is stricter than the Standard's 15% threshold.

102. The Standard originally stated that "the appointment of, or change in, a Controller requires the Regulator's prior approval". GIFCS has decided that a "no objection" regime is equivalent to a consent-based regime as long as it involves the regulator making a prior determination. The Standard as amended states that "The appointment of, or change in, a Controller may only take place after the Regulator has been notified and has positively confirmed its approval of, or no objection to, the appointment via a separate vetting process." JFSC has confirmed that its prior "no objection" decision is required.

103. JFSC had identified a shortfall against paragraph C1.2 of the Standard in respect of addressing the risks of controllers with links to higher risk jurisdictions, and prior to the visit had implemented revised procedures to address this risk.

104. The assessors have no adverse findings on this paragraph.

Integrity, competence and financial soundness

105. The Standard sets out in Part 3C paragraphs 2, 3 and 4, five elements of the assessment of integrity, competence and financial soundness of a controller of a TCSP.

106. JFSC's self-assessment indicated a shortfall against paragraph C4.3 of the Standard (establishing controllers' source of wealth). JFSC had implemented revised procedures to address this prior to the visit.

107. The assessors have no adverse findings on these paragraphs.

Conflicts of interest (of controllers)

108. The Standard addresses in Part 3C paragraph 5, risks which may arise from the conflicts of interest of a controller of a TCSP, particularly if the controller may influence management. Conflicts of interest are also addressed under Part 3F of the Standard "Conduct".

109. The assessors have no adverse findings on this paragraph.

Observations relating to Part 3D of the Standard - Key Persons and Other Employees

Summary
• **JFSC provided evidence of Jersey's compliance with Part 3D, both in law and in practice.** • **Whilst individual items in Part 3D of the Standard have given rise to action points, the assessors consider that Jersey has complied and the rating for this Part is Largely Compliant.** • **JFSC had identified an action point on D.1.4.1 relating to access to information to conduct criminal record checks.**

Fit and proper standards

110. The Standard sets out in Part 3D paragraph 1, the requirement to establish that key persons of a TCSP are subject to a fit and proper person test which should cover integrity, competence and solvency, and lists in more detail at paragraph 1.4 information which is relevant to the assessment of the fit and proper person status of a key person of a TCSP.

111. The Standard originally stated at paragraph D1.1 that prior regulatory consent should be required before a person can be a key person. GIFCS has decided that a "no objection" regime is equivalent to a consent-based regime as long as it involves the regulator making a prior determination, and has amended the Standard to that effect. JFSC has confirmed that its prior "no objection" decision is required.

112. JFSC robustly assesses key person applications with reference to various sources of data, including independent databases and enquiries to other regulators, and in some cases undertaking interviews with applicants. The Standard states at paragraph D1.4.1 that vetting should check for criminal records. Following a change in the availability of criminal records, JFSC identified that the revised position was not fully compliant with the Standard. JFSC has pursued an application for access to the UK Police National Computer.

113. Following consideration of the circumstances in different jurisdictions, GIFCS has amended the Standard to clarify that the Regulator's assessment of fitness and propriety should have regard to refusal of entry to a trade organisation only where applicable - where such an organisation imposes a fit and proper test. The assessors

note JFSC's advice that Jersey trade associations do not impose a fit and proper test. On that basis, paragraph D.1.4.6 is not applicable.

114. The assessors have no other adverse findings on this paragraph.

Other employees

115. The Standard sets out in Part 3D paragraph 2 the controls which a TCSP should have in place for the recruitment of employees. This paragraph of the Standard has been amended to refer to "all staff, including directors". It is hoped that this should eliminate any ambiguities around different forms of contracts.

116. The assessors have no adverse findings on this paragraph.

Training and development

117. The Standard sets out in Part 3D paragraph 2 that a TCSP should have in place a training and development plan for employees.

118. The assessors have no adverse findings on this paragraph.

Post-visit event

119. JFSC confirmed in August 2018 that it had requested access to criminal records information via the UK's Police National Computer.

Observations relating to Part 3E of the Standard - Control over vehicles

Summary

- **JFSC provided evidence of Jersey's compliance with Part 3E, both in law and in practice.**
- **Whilst individual items in Part 3E of the Standard have given rise to action points, the assessors consider that Jersey has complied and the rating for this Part is Largely Compliant.**
- **It is recommended that JFSC should review the risks arising from the Trusts (Jersey) Law 1984 Article 25(1) which permits delegation and sub-delegation of dispositive powers by trustees, and take appropriate steps to mitigate the risks. Post-visit JFSC has reviewed this risk and considers that existing regulatory requirements are sufficient to mitigate any risk arising.**
- **Paragraph E2.2.3 (reconciliation of vehicle assets) was not met at the visit. Post-visit it has been met by the revised TCB Code.**
- **Paragraph E3.1.3 (provision of terms on which client money is held) was not met at the visit. Post-visit it has been met by the revised TCB Code.**
- **New paragraph E.3.2 (on independent review of the controls on client money) was added in the amended Standard, superseding former paragraph G3.2. It is recommended that JFSC further considers its position against the Standard as amended and whether steps should be taken to enhance the enforceability of its requirements. Post-visit it is proposed to amend the TCB Code to meet the requirement of the Standard (consultation has been undertaken and preparation of feedback paper is in progress).**

<u>Professional duties and AML/CFT obligations</u>

120. The Standard sets out in Part 3E paragraph 1, the requirement for TCSPs to establish policies for the professional performance of their duties, and to meet AML/CFT obligations in respect of the beneficial ownership, control and activities of client companies and trusts.

121. Trustees can delegate dispositive powers under Article 25(1) of the Trusts (Jersey Law) 1984, and such delegates can then sub-delegate[5]. The provision in trust law does not appear to prevent delegation or sub-delegation to a person in another jurisdiction.

There would appear to be a risk in the worst case that a trustee might lose its ability to control who actually benefits from a trust, and that relevant information might be held beyond the reach of the Jersey authorities.

122. It is recommended that JFSC should assess the extent to which that provision of the Trusts (Jersey) Law 1984 could pose a risk to the Standard's requirements for establishing beneficial ownership and the control of vehicle assets (and any consequent potential AML/CFT risk) and that JFSC should respond to the risks identified.

123. During discussion, JFSC staff indicated that they believed the actual use of this provision to be minimal and that they did not believe that JFSC staff had come across this provision in use.

124. The assessors have no other adverse findings on this paragraph.

Post-visit event

125. JFSC has reviewed the regulatory provisions which apply to delegation of dispositive powers by trustees and the extent of the risk. Section 2.6 of the TCB Code requires TCSPs to manage delegations appropriately, including carrying out due diligence on delegates, documenting delegations appropriately, and monitoring their operation. JFSC considers that this requirement sufficiently mitigates the risk, given the lack of indication that trustees are actually delegating dispositive powers.

Vehicle assets

126. The Standard sets out in Part 3E paragraph 2, the requirement for TCSPs to establish policies and procedures to record and monitor the assets of client companies and trusts which they control.

127. At the time of the visit a reconciliation of client vehicle assets in line with paragraph E2.2.3 was not a regulatory requirement in Jersey. JFSC had identified the issue in its self-assessment and started a process to amend the requirements of the TCB Code.

128. The assessors have no other adverse findings on this paragraph.

[5] The Trusts (Jersey) Law 1984 article 25(1): "Subject to the terms of the trust, a trustee may delegate the execution or exercise of any of his or her trusts or powers (both administrative and dispositive) and any delegate may further so delegate any such trusts or powers". Many jurisdictions permit the delegation of administrative powers, but the delegation of dispositive powers is not believed to be common.

Client money rules

129. The Standard sets out in Part 3E paragraph 3, the requirement for rules covering the segregation of client money and controls over its movement.

130. At the time of the visit the disclosure to clients of the terms on which client money was held in line with paragraph E3.1.3 was not a regulatory requirement in Jersey. JFSC had identified the issue in its self-assessment and started a process to amend the requirements of the TCB Code.

131. The regulatory regime in Jersey does not directly require dual signatories to be in place for all client money accounts in line with paragraph E3.1.5. However, other requirements for proper controls are in place and JFSC appears to have achieved equivalence. In reaching this view, the assessors took into account that on occasion JFSC had required triple signatures.

132. The assessors have no other adverse findings on paragraph E3.1.

133. The Standard has been amended so that checks on client money are addressed in Part 3E "Vehicle Assets" rather than in Part 3G. Paragraph G3.2 of the Standard has been superseded by paragraph E3.2 which states that "The Regulator should require a TCSP to implement an independent review of the controls over Client money, on a risk based approach".

134. JFSC has explained that controls are in place in that; all TCSPs are required to have their financial statements audited on an annual basis, and all audits include tests of detail over a TCSP's bank accounts as well as tests of controls, TCSPs are required to disclose to their auditor if the Client Money Order has been breached and TCSPs are required to have a compliance monitoring programme. However, these do not appear to have full enforceability because auditors may rely on representations made by the firm and the compliance officer, while importance to the achievement of compliance, is an officer of the firm and not fully independent. It is recommended that JFSC further considers its position against the Standard as amended and whether steps should be taken to enhance the enforceability of its requirements.

Post-visit events

135. The revised TCB Code came into effect on 21 March 2018. The revised TCB Code required reconciliation of client vehicle assets, in response to paragraph E2.2.3 of the Standard.

136. The revised TCB Code at paragraph 4.5.6, required disclosure to clients of the terms on which client money was held in response to paragraph E3.1.3 of the Standard.

137. The JFSC issued a consultation paper in November 2018 which proposed amending the TCB Code to include the requirements of section E3.2 of the revised Standard in respect

of an independent review of controls over client money. The consultation has now closed and JFSC is preparing its feedback paper which will state that the Code will be updated as proposed. It is anticipated that the revised Code will be issued by 31 March 2019, effective 1 June 2019.

Observations relating to Part 3F of the Standard - Conduct

Summary

- **JFSC provided evidence of Jersey's compliance with Part 3F, both in law and in practice.**
- **Whilst individual items in Part 3F of the Standard have given rise to action points, the assessors consider that Jersey has complied and the rating for this Part is Largely Compliant.**
- **Paragraph F5.1 (provision of written terms of business) was not met at the time of the visit. Post-visit it has been largely met by the revised TCB Code. However, the Standard (paragraph F5.1.5) requires the provision of notice periods for the termination of services. JFSC should address this.**

Integrity

138. The Standard sets out in Part 3F paragraph 1, the requirement for a TCSP to act with integrity.

139. The assessors have no adverse findings on this paragraph.

Conflicts of Interest

140. The Standard sets out in Part 3F paragraph 2, the requirement for a TCSP to identify and respond appropriately to conflicts of interest.

141. The assessors have no adverse findings on this paragraph.

Interaction with clients

142. The Standard sets out in Part 3F paragraph 3, the requirement for a TCSP to inform and act fairly towards clients.

143. At the time of the visit the provision of written terms of business in line with paragraphs F3.1.4 and F5.1 was not a regulatory requirement in Jersey. This is covered below, as paragraph 5.1 sets out the Standard for terms of business in more detail.

144. The assessors have no other adverse findings on this paragraph.

Advertising and communication

145. The Standard sets out in Part 3F paragraph 4, the requirement for a TCSP to adopt clear and ethical practices in communication.

146. The assessors have no adverse findings on this paragraph.

Terms of business

147. The Standard sets out in Part 3F paragraph 5, the requirement for a TCSP to enter into written terms of business with clients.

148. At the time of the visit the provision of written terms of business in line with paragraph F3.1.4 was not a direct regulatory requirement in Jersey. However, the TCB Code included provision on transparency in business arrangements including on fees and charges. In the view of the assessors this partly addressed the issue, as the likely outcome was that TCSPs would provide the information in writing to customers.

149. JFSC had identified the issue in its self-assessment and started a process to amend the requirements of the TCB Code.

150. JFSC reported, however, this was proving to be complex for trusts and TSP business because of the overriding significance of the trust deed and the need to avoid conflict with the trust deed.

151. The assessors have no other adverse findings on this paragraph.

Complaints handling

152. The Standard sets out in Part 3F paragraph 6, the requirement for a TCSP to handle complaints fairly and to record complaints received.

153. The assessors have no adverse findings on this paragraph.

Post-visit events

154. The GIFCS Plenary Session noted the difficulties which could arise in TSP business. GIFCS agreed to amend this requirement of the Standard to apply to CSP business only, and to issue separate guidance on TSP business.

155. On 21 March 2018 the revised TCB Code came into effect. The revised TCB Code requires the provision of information in writing and meets the requirements of paragraphs F3.1.4 and F5.1, with the exception of a notice period for the termination of services as required at sub-paragraph F5.1.5.

Observations relating to Part 3G of the Standard - Prudential

Summary

- **JFSC provided evidence of Jersey's compliance with Part 3G, both in law and in practice.**
- **Whilst individual items in Part 3G of the Standard have given rise to action points, the assessors consider that Jersey has complied and the rating for this Part is Largely Compliant;**
- **Paragraph G1.3.3 (peer group comparison of financial resources between firms in the jurisdiction) was not being met at the time of the visit. JFSC has advised that post-visit a planned system change will permit comparisons to be carried out;**
- **Paragraph G3.5 (notification to the regulator of qualified audit report or emphasis of matter) was not being met at the time of the visit. Post-visit it has been met by the revised TCB Code.**

Capital and liquidity requirements

156. The Standard sets out in Part 3G paragraph 1, that the regulatory regime should establish capital and liquidity requirements which TCSPs must meet.

157. Paragraph G1.3.3 notes that the methodology should allow peer group comparison in the jurisdiction. JFSC advised that while data was collected on each firm, it was currently not in a format which lent itself to peer group comparison. This would change following the introduction of online returns in late 2018 or in 2019.

158. The assessors consider that automated comparison of financial resources should assist monitoring of capital and liquidity, and the identification of any TCSPs which present a higher prudential risk relative to their peer group.

159. The assessors have no other adverse findings on this paragraph.

Maintenance of accounting records

160. The Standard sets out in Part 3G paragraph 2, the requirement for a TCSP to produce and maintain adequate accounting records.

161. The assessors have no adverse findings on this paragraph.

Audit requirement

162. The Standard sets out in Part 3G paragraph 3, the requirement for a TCSP to produce audited financial statements.

163. G3.4 (notification to the regulator of qualified audit report or emphasis of matter) was identified by the self-assessment as partially compliant. JFSC had taken steps to amend the TCB Code, which would achieve compliance.

164. The assessors have no other adverse findings on this paragraph.

165. During the disambiguation process it was agreed that checks on client money should be addressed in Part 3E "Vehicle Assets" rather than in Part 3G (client money is held off-balance sheet and hence should not be a prudential issue). Paragraph G3.2 of the Standard has therefore been superseded by paragraph E3.2 and the report reflects this change[6].

Insurance

166. The Standard sets out in Part 3G paragraph 4, the requirement for a TCSP to maintain an appropriate level of professional indemnity insurance.

167. Under G4.2 (notification to the regulator of potential claim) the requirement to notify is not worded directly; however, GIFCS has concluded that an indirect requirement to notify of a potential claim can be satisfactory. The assessors recommended that JFSC should consider whether to impose a direct requirement to notify of a potential claim. JFSC considered this post-visit and has concluded that it is satisfied with the enforceability of the existing arrangements.

168. The assessors have no adverse findings on this paragraph.

Liquidations and receiverships

169. The Standard states in Part 3G paragraph 5.1 that the regulatory regime should enable the regulator to apply to the court for the appointment of a manager, receiver, administrator or liquidator. Jersey law does not provide for a receiver or administrator but does provide for a manager to be appointed by the Court on the application of JFSC and for a company to be liquidated on just and equitable grounds at the application of JFSC.

170. Paragraph 5.2 requires the regulatory framework to establish whether such practitioners appointed to TCSPs are subject to licensing and regulation. JFSC has

[6] This change was adopted by Plenary in November 2018

confirmed that its information gathering powers and powers to direct would apply. JFSC has also confirmed that such practitioners are subject to AML/CFT oversight.

171. The assessors note the absence of receivers and administrators under Jersey law, but have no adverse findings on this paragraph.

Post-visit event

172. The revised TCB Code came into effect on 21 March 2018. It included a specific and direct requirement for a TCSP to notify JFSC of a decision by the TCSP's auditor to qualify its audit report or to raise an emphasis of matter.

Observations relating to Part 3H of the Standard - Administration

Summary

- **JFSC provided evidence of Jersey's compliance with Part 3H, both in law and in practice.**
- **Whilst individual items in Part 3H of the Standard have given rise to minor action points, the assessors consider that Jersey has complied and the rating for this Part is Compliant.**

Record keeping

173. The Standard sets out in Part 3H paragraph 1, the requirement for a TCSP to keep accurate and up to date records, and for the regulator to have full access to those records.

174. JFSC's self-assessment indicated a departure from paragraph H1.2.1 in relation to explicitly requiring records to be up to date, and proposed to amend the Code to that effect. The assessors note the departure from this paragraph of the Standard identified by JFSC and the action being taken to remedy it. The assessors regard it as implicit that a requirement to keep records also involves keeping them up to date, but welcome JFSC's decision to eliminate any possible doubt over enforceability in this matter.

175. The assessors have no adverse findings on this paragraph.

Accounting for vehicles administered by TCSPs

176. The Standard sets out in Part 3H paragraph 2, the requirement for a TCSP to keep accurate and up to date accounting records for vehicles.

177. The assessors have no adverse findings on this paragraph.

Outsourcing of key functions

178. The Standard sets out in Part 3H paragraph 3, the requirement for a regulator to control outsourcing by TCSPs. A requirement for a TCSP to report to its board or senior management on the performance of outsourced services is in the TCB Code at paragraph 3.1.1.5. However, it is recommended that JFSC should also consider extending the guidance on outsourcing principle 3 to include reference to reporting to the board or senior management.

179. In respect of paragraph H3.4.4 the core principles on outsourcing issued by the JFSC do not currently specifically require prior regulatory consent for sub-outsourcing. JFSC has addressed this through a change to internal procedures. However, the assessors would recommend that JFSC reviews the core principles in respect of sub-outsourcing, and should take into account the need to ensure regulatory access to information that is held by the provider of sub-outsourced services (H3.5.4) when reviewing its position.

180. The assessors have no other adverse findings on this paragraph.

<u>Data security</u>

181. The Standard sets out in Part 3H paragraph 4, the requirement for a TCSP to maintain the security of data under its control.

182. The assessors have no adverse findings on this paragraph.

<u>Data protection</u>

183. The Standard sets out in Part 3H paragraph 5, the requirement for a TCSP to follow the principles of data protection.

184. The assessors have no adverse findings on this paragraph.

<u>Post-visit event</u>

185. The revised TCB Code came into effect on 21 March 2018. It included a specific requirement that records be up to date.

Observations relating to Part 3I of the Standard - Financial Crime and International Sanctions

Summary

- **JFSC provided evidence of Jersey's compliance with Part 3I, both in law and in practice.**
- **The assessors consider that Jersey has complied and the rating for this Part is Compliant.**
- **It is recommended that the authorities in Jersey should consider enhancing their sector-specific guidance on CFT.**

186. The Standard sets out in Part 3I that the regulatory regime should include requirements for TCSPs to have policies, procedures and controls for the prevention of a wide range of financial crimes, including money laundering, financing of terrorism, prevention of proliferation, bribery and corruption.

187. As noted in paragraph 12 above, Jersey had received a MONEYVAL fourth round mutual evaluation, which indicated a generally high level of compliance and identified action on the remaining points. The assessors took into account the MONEYVAL findings on AML/CFT matters and sought not to duplicate MONEYVAL's work in this area.

AML/CFT policies

188. The Standard sets out in Part 3I paragraph 1, the requirement for a TCSP to implement a risk-based approach to AML/CFT.

189. During discussion, compliance officers of TCSPs indicated that they would welcome more sector-specific guidance on financing of terrorism risks. Compliance officers commented that some recently published typologies focussed on low-cost, low-tech terrorist attacks which were not relevant to the sector.

190. The assessors have no adverse findings in respect of technical compliance or effectiveness but recommend that the authorities in Jersey consider the opportunity to enhance their sector-specific guidance on CFT. JFSC has indicated that the availability of CFT typologies will be raised during Jersey's AML/CFT National Risk Assessment.

National co-operation and coordination

191. The Standard sets out in Part 3I paragraph 2, that the regulator should work with relevant national authorities for policy, intelligence and law enforcement.

192. The assessors met representatives of Jersey's Joint Financial Crimes Unit. The "JFCU" is the financial intelligence unit, and is also responsible for financial crime investigations and asset recovery. The JFCU has processes for co-operation and information sharing with JFSC, and conducts outreach to industry.

193. The assessors have no adverse findings on this paragraph.

Regulation and supervision

194. The Standard sets out in Part 3I paragraph 3, that the regulator should supervise and enforce AML/CFT compliance by TCSPs.

195. The assessors have no adverse findings on this paragraph.

Bribery and corruption

196. The Standard sets out in Part 3I paragraph 4, the requirement for a TCSP to have systems and controls to prevent bribery and corruption.

197. Businesses in Jersey, including TCSPs are subject to the Corruption (Jersey) Law 2006. JFSC checks that TCSPs have policies and procedures to comply with the law as part of their corporate governance and risk management.

198. The assessors have no adverse findings on this paragraph.

Policies procedures and controls

199. The Standard sets out in Part 3I paragraph 5, the requirement for a TCSP to communicate to its staff its internal policies procedures and controls.

200. The assessors have no adverse findings on this paragraph.

International sanctions

201. The Standard sets out in Part 3I paragraph 6, that the regulator should supervise TCSPs' procedures for compliance with international sanctions.

202. The assessors have no adverse findings on this paragraph.

Observations relating to Part 3J of the Standard - Co-operation

Summary

- **JFSC provided evidence of Jersey's compliance with Part 3J, both in law and in practice.**
- **The assessors consider that Jersey has complied and the rating for this Part is Compliant.**
- **The assessors have no adverse findings in respect of Jersey's technical compliance or effectiveness in complying with part 3J of the Standard.**

Information sharing

203. The Standard sets out in Part 3J paragraph 1, that the regulator should have powers to obtain and share information, and should use these powers effectively.

204. The assessors have no adverse findings on this paragraph.

Other forms of co-operation

205. The Standard sets out in Part 3J paragraph 2, that the regulator should have powers to provide assistance to foreign regulators on request.

206. The assessors have no adverse findings on this paragraph.