



**Jersey Financial  
Services Commission**

# **Feedback on Consultation Paper**

**No. 1 2020**

Investment Business Fees – Feedback to a consultation on proposals to change fee rates

Issued: April 2020

## Consultation Feedback

This paper reports on responses received by the JFSC to its Consultation Paper No.1 2020 (Investment Business Fees – A consultation on proposals to change fee rates).

## Glossary of Terms

Commission Law	Financial Services Commission (Jersey) Law 1998, as amended
IB	Investment Business
JFL	Jersey Finance Limited
JFSC	Jersey Financial Services Commission
MONEYVAL	Committee of Experts on the Evaluation of Anti-Money Laundering Measures and the Financing of Terrorism

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# 1 Executive Summary

## 1.1 Overview

- 1.1.1 We issued Consultation Paper No.1 2020 in February, proposing an increase in Investment Business fee rates of 16%.
- 1.1.2 One response to the consultation was received by the JFSC directly.
- 1.1.3 The Consultation explained that the increase in Investment Business fee rates comprises the Investment Business sector's share of similar increases that have already taken place across other industry sectors.
- 1.1.4 In light of the feedback received and to ensure that the Investment Business sector's fees remain proportionate with respect to all sectors, we are proceeding to change the fee rates as consulted. This will help to ensure fair treatment of regulatory costs across industry sectors.
- 1.1.5 While regulatory fees form a very small part of the outgoings of investment business firms, any firms that are experiencing financial constraints as a result of the Covid-19 outbreak that mean they are unable to pay this increase in fees as it falls due are encouraged to contact their supervisors at the earliest opportunity. The increase due can be rolled up and payment of the increase deferred to the 2021 fee payment round, where such financial constraints are demonstrated.
- 1.1.6 The final fees notice can be found in Appendix A and on our website.

## 1.2 Next steps

- 1.2.1 Relevant firms will shortly receive notification via the myJFSC portal that an invoice is ready for them, or that investment employee data needs to be supplied for an invoice to be generated. The due date for payment is 31 May.
- 1.2.2 Late fees may be incurred as detailed in the fees notice and any firms experiencing difficulty in arranging payment should contact their supervisor in advance of the due date.
- 1.2.3 As stated in the Consultation Paper and recent consultations in respect of fees for the Banking, DNFBP, Funds, General Insurance, Insurance, Money Service and Trust Company sectors the JFSC is keen to discuss its fee structures. During the course of 2020 the JFSC intends to hold strategic discussions with the Investment Business sector and to consult on potential methodologies to ensure that there continues to be proportionality across the fees base.

# 2 Consultation feedback

## 2.1 Feedback received

- 2.1.1 The feedback received was from a regulated firm which was supportive of the JFSC's proposal.
- 2.1.2 JFSC response: We would like to thank the respondent for taking the time to provide feedback. Having taken this and the increases in all other sectors' fees over the recent periods into account, we have proceeded with the fee changes consulted on.

# Appendix A - Draft Investment Business Fees Notice

## Notice of Fees

Published in accordance with:	<b>Article 15 of the Financial Services Commission (Jersey) Law 1998, as amended</b>
Payable by or in relation to:	<b>Investment Business</b>
Pursuant to:	<b>Articles 8(3) and 9(6) of the Financial Services (Jersey) Law 1998, as amended; and Article 15(6) of the Financial Services Commission (Jersey) Law 1998, as amended</b>
Commencement date:	The fees set out in this notice and the attached schedule are effective for the period from 1 May 2020 – 30 April 2021

### 1 Interpretation

1.1 In this notice, unless the context otherwise requires –

investment employee	<p>in respect of a registered person, means:</p> <p>(a) a person employed on the relevant date either under a contract of service or a contract for services by the registered person as:</p> <p>(i) a dealer,</p> <p>(ii) a discretionary investment manager,</p> <p>(iii) an adviser, or</p> <p>(iv) a supervisor; and</p> <p>(b) a person employed on the relevant date either under a contract for service or a contract for services in any of the categories of work specified in paragraph (a) of this definition by a person who is himself or herself employed on the relevant date either under a contract of service or a contract for services by the registered person<sup>1</sup>,</p> <p>and if, on the relevant date, there exists a post in the service of the registered person that is vacant but would normally be occupied by a person to which paragraph (a) of this definition applies, includes that person</p>
JFSC	means the Jersey Financial Services Commission
Law	means the Financial Services (Jersey) Law 1998, as amended
registered person	means a person registered under the Law to carry on investment business
relevant date	means 1 April 2020, or the date of the application for registration if such application occurs between 1 May 2020 and 30 April 2021

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<sup>1</sup> In practice this captures 'indirect' investment employees who are employed by third parties to conduct these roles on behalf of the registered person.

**supervisor** means a person who is responsible, either alone or jointly with one or more other persons, for the management, supervision and control of an investment employee who is not a supervisor

## **2 Application fee**

- 2.1 The fee to accompany an application for registration to carry on investment business shall be the amount specified in the table set out in the Schedule.

## **3 Annual fee**

- 3.1 A person registered to carry on investment business at any point during the period 1 May 2020 to 30 April 2021 shall pay a fee calculated in accordance with the table set out in the Schedule.
- 3.2 If a person is registered after 31 December 2020 the annual fee payable on registration shall be half the fee otherwise payable.
- 3.3 The JFSC may remit an annual fee, in whole or in part, if:
- (a) in its opinion the person liable to pay the fee is a member of an associated group of registered persons; and
  - (b) another member of that group has paid a like fee.

## **4 Late payment of fees and/or late submission of fees information**

- 4.1 The due date for the JFSC to receive the annual fee is:
- 4.1.1 31 May 2020, if the firm is already registered on 1 May 2020; and otherwise
  - 4.1.2 the date an application is granted.
- 4.2 If the annual fee is not received by the JFSC by the due date, an additional late payment fee of 5% of the unpaid principal amount will be applied on the day after the due date, and on the 1<sup>st</sup> day of each calendar month after that.
- 4.3 If the firm does not supply the required information to calculate its annual fee by the due date, an administration fee of £200 will be charged the day after the due date, and on the 1<sup>st</sup> day of each calendar month after that while the information is still outstanding. This is in addition to the late payment fee set out in paragraph 4.2 which will be calculated once the information has been submitted.

## **5 Late filing fees**

- 5.1 If a registered person fails to file or deliver any document to the JFSC under the provisions of the Law or under any provisions of any Order issued in accordance with the Law on or before the date that the document becomes due, the registered person shall be liable to pay a fee of £100 for each complete month or part thereof that the document remains un-filed or undelivered unless the registered person has given the JFSC prior written notice of the reasons for the late filing or delivery of a document and the JFSC has agreed in writing that the filing may be late. Any such later agreed date shall become the due date for the purposes of the calculation and the payment of late filing fees.

**Schedule**

<i>Classes of investment business</i>	<i>Application fee</i>	<i>Annual fee</i>
Class A, B or C or any combination of these classes	£2,100	(i) £3,405; (ii) £2,380 for each of the first 15 investment employees; and (iii) £1,235 for each additional investment employee, up to a maximum of 25 additional investment employees.
Class D only	£1,045	(i) £3,150; (ii) £1,235 for each of the first 15 investment employees; and (iii) £615 for each additional investment employee, up to a maximum of 25 additional investment employees.
Class E only	£1,045	£1,235 for each fund in respect of which the applicant or registered person carries on investment business on the relevant date.