



Registrar of Companies report

**Registry Supervision inspection
programme 2023 – Quarterly
feedback paper – 1 Jan to 31 Mar**

**Adequate, accurate and current
information assessments**

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1 Introduction

- 1.1 Jersey is recognised as a leading centre for financial services internationally, with the adoption of the highest levels of compliance with international standards in respect of anti-money laundering and counter-terrorist financing. To maintain and enhance its position Jersey has implemented requirements of the Financial Action Task Force's updated International Standards on Combatting Money Laundering and the Financing of Terrorism and Proliferation (the International Standards). These International Standards require us to have measures to prevent the misuse of legal persons and arrangements for money laundering, terrorist financing and the proliferation of weapons of mass destruction.
- 1.2 A core focus for our transparency regime is ensuring that basic and beneficial ownership information is adequate, accurate and up to date to enable it to be made available to competent authorities, as appropriate, on a timely basis.
- 1.3 In 2021, the [Financial Services \(Disclosure and Provision of Information\) \(Jersey\) Law 2020](#) (the **DPI Law**) came into force to establish a legislative framework applicable to all entities to enhance and consolidate the requirements to provide and update basic and beneficial ownership information and to confirm these details on annually.
- 1.4 To be effective and demonstrate compliance with the DPI Law and International Standards, Jersey has implemented an additional pro-active monitoring mechanism in the form of Registry Supervision to monitor information held on the register to ensure it is adequate, accurate and up to date. Where breaches of information requirements are identified when appropriate, penalties are applied.
- 1.5 The Registry Supervision function, established at the start of 2022, develops, and expands existing Registry oversight activities by undertaking additional risk based supervisory activities. These new functions accord with existing legislation and the DPI Law. An inspection programme, designed to carry out checks to authenticate the information provided to us, started in April 2022. This includes inspection appointments where relevant individuals are met face to face by Registry Examination Officers. During these appointments records and original documents are inspected and information is provided to authenticate the information provided to the Registry including details of beneficial owners, controllers, directors, and other significant persons.
- 1.6 This paper provides consolidated feedback upon the visit programme for 2023, gives examples of good practice identified during the examinations and in the responses received to questions asked during visits or interviews. Boards, senior management, and owner operators are encouraged to consider the findings and conclusion within this paper

2 Background and scope

- 2.1 A legal person must update the central registers at JFSC within 21 days of any change relating to significant persons (except for membership information), the JFSC continues during 2023 to focus the inspection programmes on existing data, data updated as part of the annual confirmation statement and periodic changes. We will be assessing whether there have been breaches caused while updating the central registers. Noting that most updates should be made within 21 days of the change occurring.
- 2.2 The 2023 inspection programme has planned to visit 1200 entities. For the first quarter 2023, 336 entity inspections have taken place and 100.0% received direct feedback within our stated service level agreement (within 21 days from the close of any inspection).
- 2.3 Officers of the JFSC reviewed and authenticated details of 849 associated parties. The associated parties consisted of beneficial owners, controllers, directors, and other significant persons (including secretaries). An analysis of this population is given in the pie chart (pie chart 1) below

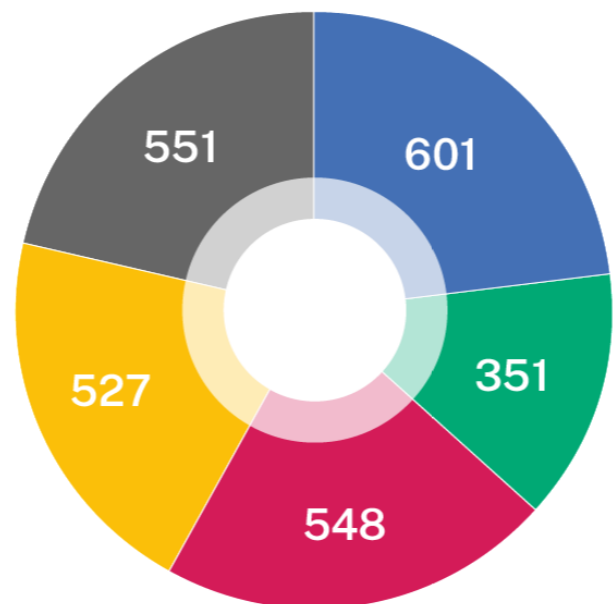
Total number of Directors reviewed as part of the Inspection Programme

Total number of Secretaries reviewed as part of the inspection Programme

Total number of Members reviewed as part of the inspection Programme

Total number of Beneficial Owners reviewed as part of the inspection Programme

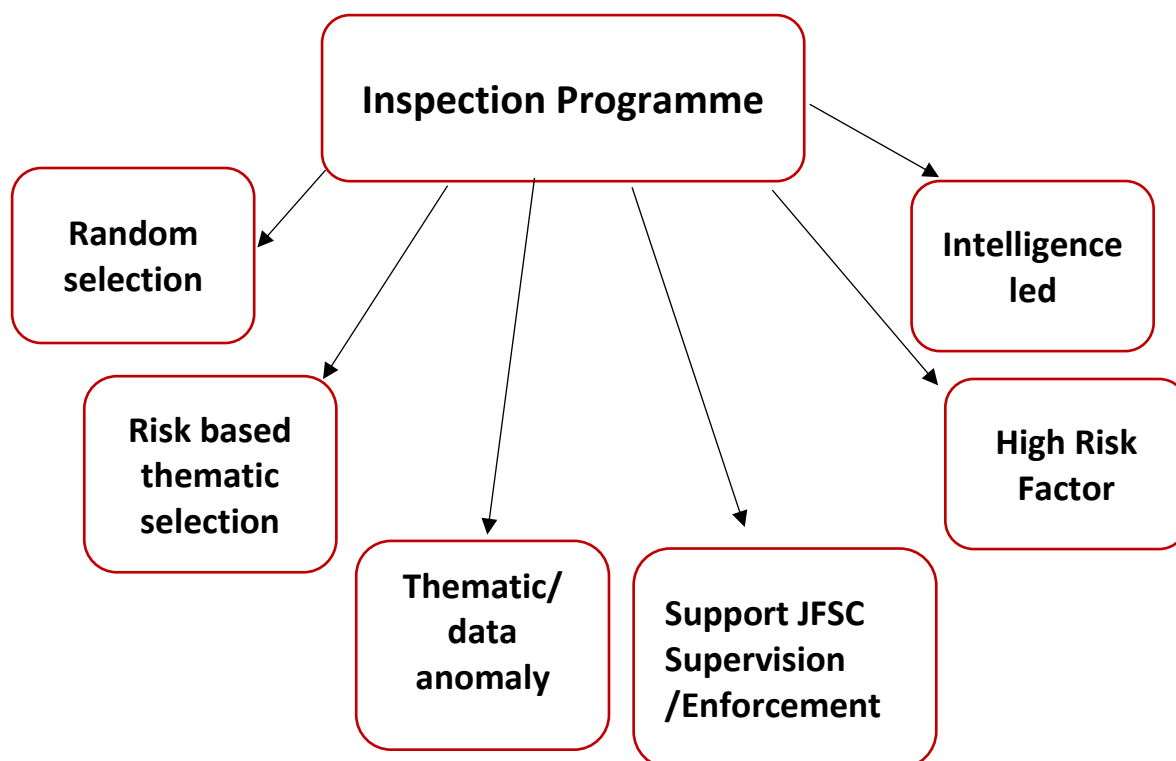
Total number of Controllers reviewed as part of the inspection Programme



Pie chart 1: Total associated parties.

- 2.4 The objectives of the inspections are to assess the extent to which:
- legal persons demonstrate they have updated the central register with accurate, adequate and update information; and
 - that legal persons can demonstrate that they have correctly identified the beneficial owners and/or controllers of the entity.

- 2.5 The selection process to identify entities to visit is based on several factors: the existence of higher risk factors, receipt of intelligence provided to Registry supervision, data anomalies that may be indicative of breaches to information requirements and by random selection.



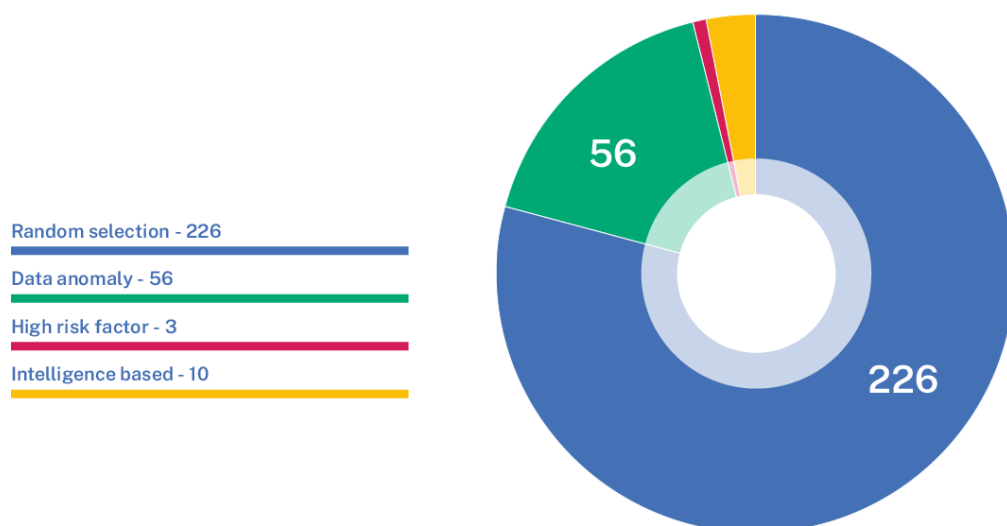
Inspection may occur for the following reasons:

- › **Random Selection-** A random sample of entities will be selected to check if they are complying with information requirements.
- › **Risk based thematic selection-** Registry may focus efforts in higher risk areas such as where the activity of the entity may be sensitive under the Sound Business Practice Policy, for example mining; or where multiple entities have a registered office at the same address that is not a Trust Company Business registered office provider and/or where the beneficial ownership and/or control is associated with a high-risk jurisdiction.
- › **Intelligence led–** Where Registry Supervision has received intelligence that the entity might not be compliant with the information requirements e.g. there is a history of late/non-compliance or where an information request has been received from JFSC Enforcement division, Revenue Jersey or other competent authorities who require further information.
- › **High Risk Factor –** Where an entity demonstrates a high-risk factor such as connection to a high-risk jurisdiction that requires further investigation because there is a risk basic and beneficial ownership requirements have not been complied with and there may be a lack of transparency which may pose a higher risk of these entities being used for criminal purposes.
- › **Thematic/Data anomaly –** Where a theme or an anomaly in data has been highlighted, such as the entity not having a nominated person.
- › **Support JFSC Supervision and/or Enforcement –** Registry Supervision may support other JFSC functions. For example, when Supervision undertakes beneficial ownership and control thematic examinations.

2.7 Statistics for this quarter are detailed below:

	Type of Entity				TCB Connection	
	Companies	Foundations	LLPs	Total	Yes	No
Number of Inspections	336	0	0	336	0	336
Entity updated records within 21 days of findings letter	336	0	0	336	0	336
Compliance %	100%	100%	100%			
Total Number of Associated Parties reviewed as part of the 2023 Inspection Programme				849		

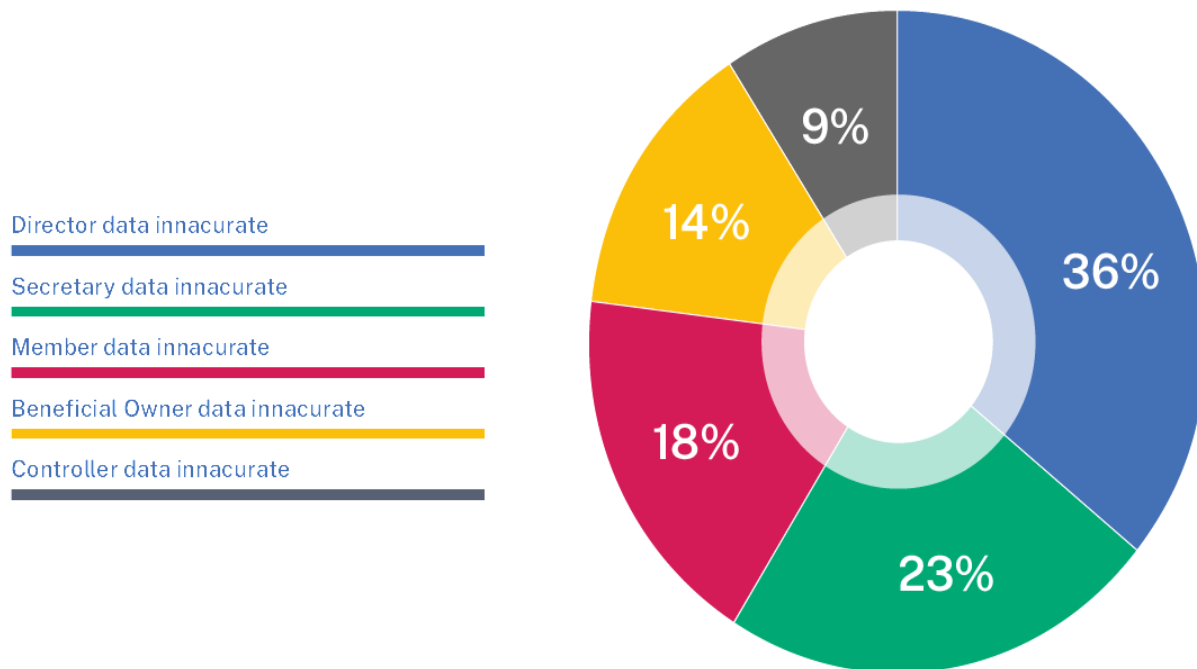
Table 1. Registry Supervision Inspection Programme Findings as of 31 March 2023.



Pie Chart 2. Reason for Entity Selection

3 Key Findings

- 3.1 The inspection programme identified several inaccuracies. Of the 849 associated parties inspected, 79.3% had no deficiencies; the remaining 20.7% inaccuracies are analyzed in the pie chart (pie chart 3) below:



Pie chart 3: Associated parties with inaccuracies

4 Other findings

- 4.1 Of the 336 entities inspected:

- 4.1.1 A very small number of entities inspected did not comply with the statutory requirement of maintaining significant person's registers.
- 4.1.2 24 entities did not maintain an accurate register of Directors.
- 4.1.3 15 entities did not maintain an accurate register of Secretaries.
- 4.1.4 8 entities did not maintain an accurate register of Members.
- 4.1.5 The Date of Birth field continues to prove an area, for some, where information disclosed to the JFSC did not reflect the information obtained from the identification documentation.
- 4.1.6 Middle names also continue to prove an area, for some, where information was not disclosed correctly on the central register at the JFSC.

5 Ongoing monitoring

- 5.1 Registry Supervision will be monitoring registers on an ongoing basis, where entities have been found to be deficient in their filings; they will have been asked to rectify the specific deficiency within a set period. If they continue to fail to rectify the deficiency the Registry will exercise statutory powers available to it. Under [article 9](#) of the DPI Law, Provision of information to local competent authorities:
- 5.1.1 Article 9 (1) A local competent authority [**in this case the JFSC**] may, by notice in writing, require a defined person to provide, within a period specified in the notice, any further information, or documents that the authority requires for the purpose of carrying out the authority's functions under this Law or any other enactment.
- 5.1.2 Article 9 (2) A local competent authority may, by notice in writing, require a defined person to attend at such times and places as may be specified in the notice and to answer such questions as the authority requires the person to answer for the purpose of carrying out the authority's functions under this Law or any other enactment.
- 5.1.3 Article 9 (3) OFFENCE: failure to comply with a notice under Art.9(1) or 9(2) within the specified period: A fine and 4 years' imprisonment.
- 5.2 Early in April 2023 we have issued four such notices. We would advise all entity associated parties to make sure they have adequate processes/procedure in place to ensure communications (which includes Registrar correspondence and notices) are dealt with on a timely basis.
- 5.3 **Penalties**

5.3.1 Penalties – Nominated Persons

One of the requirements of the Financial Services (Disclosure and Provision of Information) (Jersey) Law 2020 is that every entity must have a nominated person. If a nominated person resigns or the appointment is revoked, then within 21 days a replacement must be appointed and the JFSC must be notified of the details of the new nominated person (Article 6).

Failure to comply with these requirements without a reasonable excuse is a criminal offence, punishable by a fine of up to £10,000.

As part of Registry Supervision's ongoing monitoring, analysis of the digital registry identified several entities without a current nominated person. This led to further investigation and the relevant entities were sent letters (164), on 20 December 2022, to notify them that they were in breach of the law and that if they failed to comply within a further 21 days, the Registrar would refer the cases to the Attorney General for a decision on whether to prosecute.

Some of those entities complied upon receipt of the letters and some contacted us to explain they were in the process of appointing a replacement. 36 entities, which failed to respond to the letter were referred to the Attorney General who decided to proceed with all cases. The first 8 cases were heard in the Magistrate's Court on 4 and 19 April 2023. The outcome was 8 convictions for the offence of failing to appoint a nominated person. Each company was sentenced to a fine as follows:

DATE	COMPANY	SENTENCE
4 April 2023	Ammolite Holdings Limited	£8,000 fine
4 April 2023	Fieldgate Properties Limited	£8,000 fine
4 April 2023	Hasabasa Investments Limited	£4,000 fine
19 April 2023	Jersey Street Properties Limited	£4,000 fine
19 April 2023	Intelligent Equity Limited	£8,000 fine
19 April 2023	Lansdowne Capital Partners Limited	£8,000 fine
19 April 2023	Millgate Properties Limited	£8,000 fine
19 April 2023	IEL F45 (Richmond) Limited	£8,000 fine

The remaining cases are due to be heard on 5 and 24 May. Further cases which failed to respond to notices have been referred to the Attorney General for a decision on prosecution pending the outcome of the current cases.

5.3.2 Penalties - Strike offs

Limited Partnerships

168 notices were sent to limited partnerships on 10 March, 98 Limited Partnerships were struck off the register of limited partnerships on 17 April 2023.

Companies

On the 10 March 2023 428 notices were sent to companies which had not submitted an annual confirmation by 31 December 2022. Those companies remaining on the 2022 strike off list will be struck off the register of companies on the 1 July 2023.

Strike off notices for those companies which have not filed a 2023 annual confirmation statement will be sent notices on 1 July 2023 and if still on the list on 30 September 2023 will be struck off the register of companies on 1 October 2023.

6 Good practice

6.1 Findings show that there are no systemic issues of concern, and most discrepancies are minor. Ensuring that the data is up-to-date and accurate is important, especially to allow competent authorities to operate efficiently and effectively. We have found that those entities who keep up to date passport copies with the registers tend to file the right identification data. This leads to middle names, alias, and maiden names being correct.

6.2 Several entities reported the use of Bearer shares during the National risk assessment for legal persons and arrangements data collection exercise last year, subsequent checks by Registry supervision identified these assertions were not correct and all entities were not using bearer shares. Please check the JFSC's website for information on what Bearer shares are.

6.3 The same findings occurred with Nominee directors because of the annual confirmation process.

Subsequent check showed that many disclosers were in fact not nominees. Please check the JFSC's website for information on nominees.

7 Visit programme 2023

7.1 During 2023, the following visits will be prioritised for inspections (n brackets the reason for the inspection is indicated in accordance with section 2.5 above):

- › Sensitive activity or activity linked to high-risk jurisdictions (high risk factor).
- › Key individuals linked to high-risk jurisdictions (high risk factor).
- › Key individuals linked to high risk/sensitive activity outside the entity (high risk factor).
- › Key individuals linked personally, or by association, to offences of dishonesty (high risk factor).
- › Multiple unregulated entities using the same registered office (risk based **thematic** selection and unauthorised business).
- › Entities where the location or number of beneficial owners/ members/ significant persons do not appear to fit with the nature of the activity. (risk based **thematic** selection).
- › Same nominated person providing services to a high number of entities. (risk based **thematic** selection and unauthorised business).
- › Entities previously subject to queries or other liaison with JFSC Supervision/Enforcement which have triggered a higher risk profile (Supporting JFSC Supervision/Enforcement).
- › Previous history of late/non-compliance with statutory obligations (Intelligence Led).

7.2 Inspections may take place for unforeseen reasons such as those that are intelligence led, risk driven or to support JFSC Supervision/Enforcement

7.3 The **themes** for Registry Inspection for this year will be published on the website. Please refer to the JFSC Registry website from time to time to keep abreast of our themed visits and conclusions from these visits. One of the first thematic reviews will be to consider the risk of serviced offices.

8 Other related issues

8.1 Significant persons

8.1.1 From the [Financial Services \(Disclosure and Provision of Information\) \(Jersey\) Law 2020](#) a

“significant person” means –

- (a) in relation to a foundation, a member of the council of the foundation;
- (b) in relation to an incorporated limited partnership or a separate limited partnership, a general partner of the partnership;
- (c) in relation to a limited liability partnership, a partner participating in the management of the partnership (being a person who is able to cause the partnership to take a particular action);
- (d) in relation to a company, a director or secretary of the company, or any other officer purporting to act in a similar capacity;

- (e) in relation to a limited liability company, a manager of the limited liability company or, if there is no manager, the members involved in the management of the limited liability company;
- (f) in relation to any other type of entity, any other person purporting to act in a similar capacity to those described in sub-paragraphs (a), (b), (c), (d) or (e); and
- (g) any other person prescribed by Regulations;

“significant person information” means such information with respect to the significant persons of an entity as is prescribed.

8.1.2 Being a significant person, directors are encouraged to review the activities listed in Schedule 2 of the Proceeds of Crime (Jersey) Law 1999 – revised January 2023. They should consider whether their own activities as directors or the activities of the entities they act for are now in scope. If so, registration may be required as a Schedule 2 business. Further information is available on the JFSC website.

9 Conclusion

9.1 The Registry supervision continue to concentrate on ensuring the data held by registry is accurate, adequate, and timely. This includes desk-based supervision where anomalous data is identified through regular reports run on the Registry database. The team continues to concentrate on assisting those being visited to understand and comply with the information requirements.

9.2 Please take note of the examples of best practice. We expect the findings highlighted in this paper and their own arrangements to ensure their entity is complying with all relevant statutory requirements.

9.3 As for the nine months of 2022, findings for the first quarter of 2023 have confirmed that most deficiencies have been minor infractions and words of advice have been given on how to rectify registry records without using penalties which has proved proportionate as all records have been rectified in a timely manner.

9.4 Having undergone a period of outreach and engagement to increase understanding of the information requirements we will now be focusing on the use of appropriate and proportionate sanctions. I have referred our first breaches, for an entity not having a nominated person, to HM Attorney General for prosecution. The fines levied by the Magistrates Court so far have been high and I advise entities to contact the Registry if you are in difficulty finding a nominated person on the Island. There are choices but ultimately if you can not find a nexus with the Island you may need to wind up an entity, continue the entity out of Jersey or the entity will be struck off (and please be aware of the consequences of allowing this to happen).

9.5 Directors are encouraged to review the activities listed in Schedule 2 of the [Proceeds of Crime \(Jersey\) Law 1999](#) – revised January 2023. They should consider whether their own activities as directors or the activities of the entities they act for are now in scope. If so, registration may be required as a Schedule 2 business. Further information is available on the JFSC website.

Julian Lamb
Registrar of companies
April 2023