



# **Registrar of Companies report**

## **Registry Supervision inspection programme 2023 – Quarterly feedback paper – 1 April to 30 June**

### **Adequate, accurate and current information assessments**

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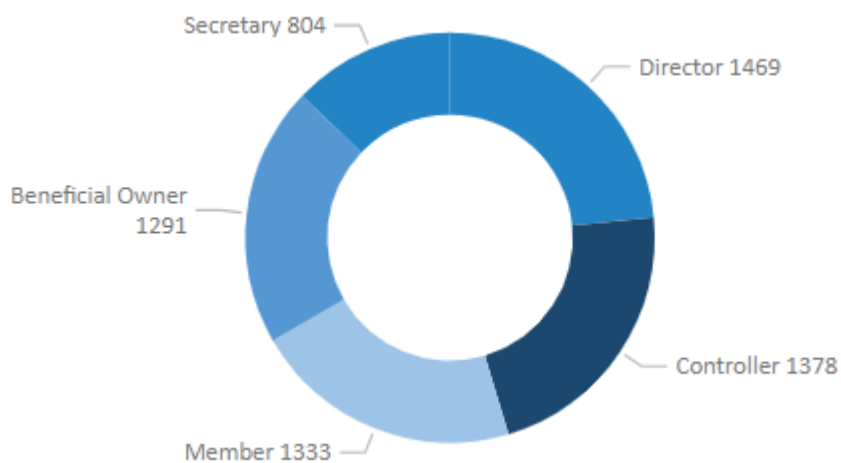
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# 1 Introduction

- 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 be made available to competent authorities 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 annually.
- 1.4 To be effective and demonstrate compliance with the DPI Law and the international standards, Jersey has implemented an additional pro-active monitoring mechanism in the form of Registry Supervision to check information on the register to ensure it is adequate, accurate and up to date.
- 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 comprises inspection appointments where relevant individuals are met face to face by Registry Examination Officers. During these meetings, records and original documents are inspected, and information is provided to authenticate the information provided to the Registry. This includes details of beneficial owners, controllers, directors, and other significant persons. Where breaches of information requirements are identified, penalties are applied when appropriate and proportionate to do so.
- 1.6 This paper provides consolidated feedback upon the visit programme for 2023, gives examples of good practice identified during the inspections 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 conclusions within this paper

## 2 Background and scope

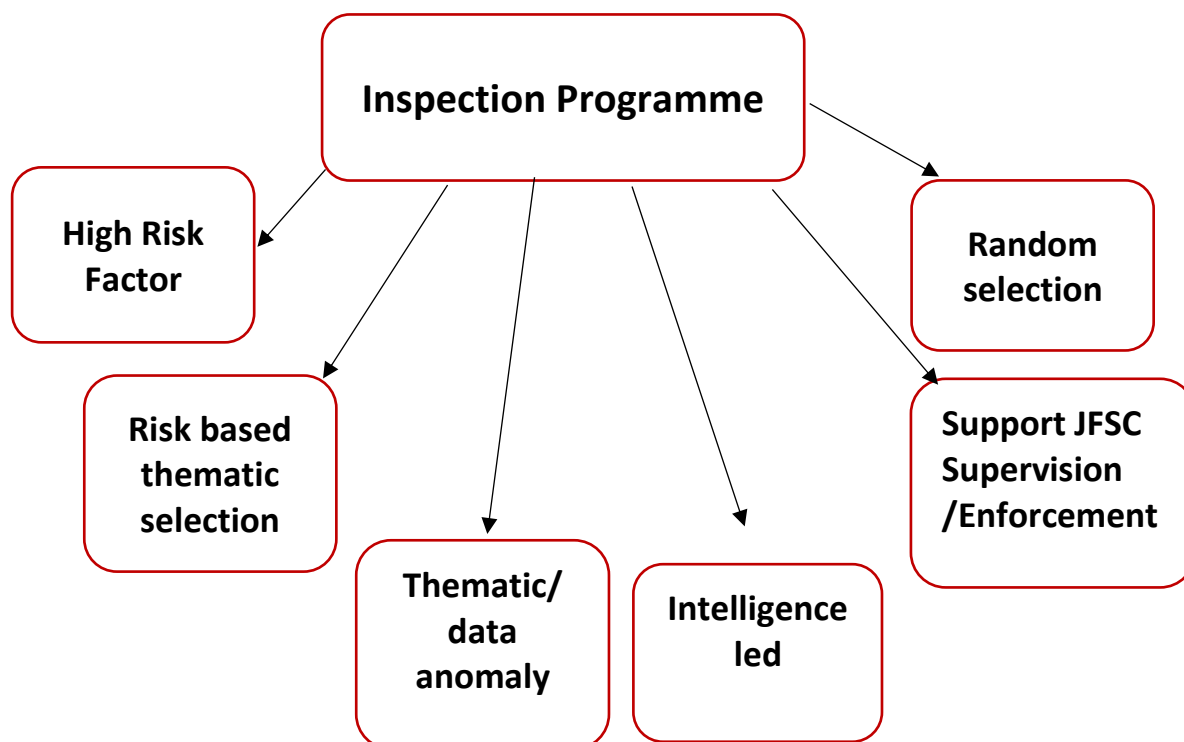
- 2.1 A legal person must update the registers at the JFSC within 21 days of any change relating to beneficial owners, controllers, or significant persons. In 2023 the JFSC continues to focus the inspection programme on assessing whether there have been breaches in updating information within 21 days of knowledge of a change.
- 2.2 The 2023 inspection programme plans to visit 1200 entities. In the first six months of 2023, 787 entity inspections have taken place and 100% have 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 2,247 associated parties (individuals or corporates). The associated parties hold 6,275 roles including beneficial owners, controllers, directors, and other significant persons. An analysis of this population is given in the pie chart (pie chart 1) below:



*Pie chart 1: Total number of roles held by the 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 up to date information; and
  - that legal persons can demonstrate that they have correctly identified the beneficial owners and/or controllers of the entity.

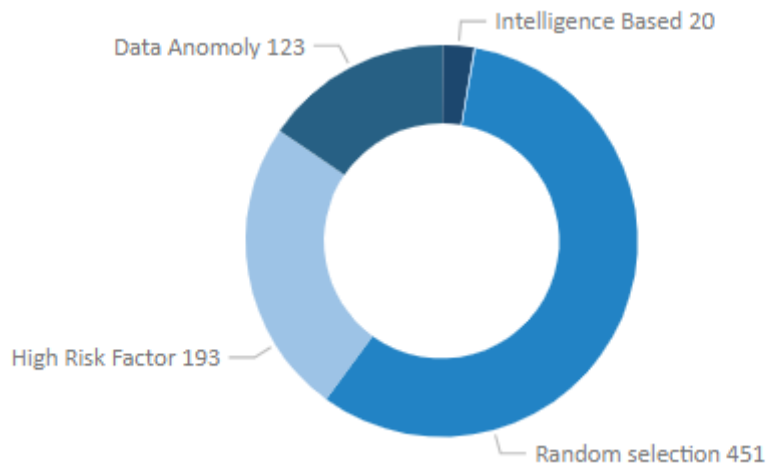
2.5 The selection process to identify entities for inspection is based on several factors:



Inspection may occur for the following reasons:

- **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.
- **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.
- **Thematic/Data anomaly** – Where a theme or an anomaly in data has been highlighted, such as the entity not having a nominated person.
- **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.
- **Support JFSC Supervision and/or Enforcement** – Registry Supervision may support other JFSC functions. For example, when Supervision undertakes beneficial ownership and control thematic examinations.
- **Random Selection**- A random sample of entities will be selected to check if they are complying with information requirements.

2.6 A breakdown of reasons for selection by number of entities is shown below:



Pie Chart 2. Reason for Entity Selection

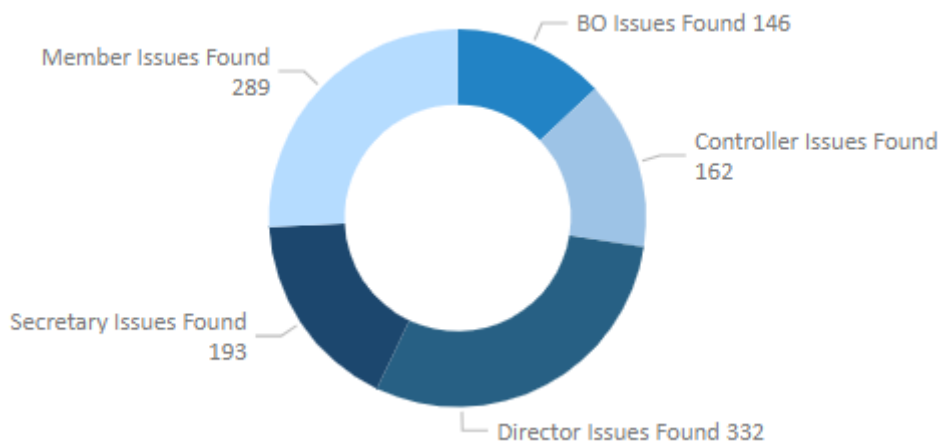
2.7 Statistics for this quarter are detailed below:

Type of entity				TCB Connection	
	Number of inspections	Number of findings letters issued within 21 days of inspection meeting	Compliance with any rectification required %	Yes	No
Companies	786	786	100%	0	786
Limited Partnerships	1	1	100%	0	1
Total Number of associated parties reviewed as part of the 2023 Inspection Programme				2,247	

Table 1. Registry Supervision Inspection Programme Findings as of 30 June 2023.

### 3 Key Findings

3.1 The inspection programme identified several inaccuracies. Of the 2,247 associated parties (of which there are 6,275 roles), 1,122 roles inaccuracies were identified and are analysed in the pie chart (pie chart 3) below:

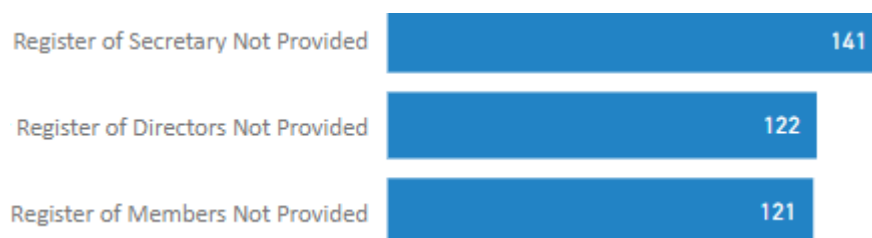


Pie chart 3: Associated parties (roles) with inaccuracies

## 4 Other findings

### 4.1 Of the 787 entities inspected:

384 entities did not initially evidence that statutory requirements to maintain registers were met.



In all cases, after further investigation, we were able to authenticate the data held on the central register. Entities were reminded of the requirements of the respective entity laws to maintain registers.

## 5 Application of penalties

### 5.1 Nominated Person breaches

5.1.1 One of the requirements of the DPI Law 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).

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

5.1.3 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 (164) were sent letters 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.

5.1.4 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.

5.1.5 The first 15 cases were heard in the Magistrate's Court in April and May 2023 and a further 4 cases were heard on 9 August 2023. The outcome was 19 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
5 May 2023	Walford Cunningham and Hayes Limited	£3,000 fine
5 May 2023	Waterland Limited	£3,000 fine
5 May 2023	Riau Superstores Fund I Limited	£8,000 fine
5 May 2023	Razors4U Limited	£8,000 fine
5 May 2023	Ibis House Limited	£3,000 fine
24 May 2023	IC November 1 Holdings Limited	£8,000 fine
24 May 2023	IC November 2 Holdings Limited	£8,000 fine
9 August 2023	Artemis Greek Taverne Limited	£8,000 fine
9 August 2023	Claydon Properties Limited	£4,000 fine
9 August 2023	CTV Funding (Jersey) Limited	£8,000 fine
9 August 2023	ETNA Limited	£8,000 fine

5.1.6 The remaining cases are due to be heard in August and September.

## 5.2 "Strike offs"

### *Limited Partnerships*

5.2.1 On 10 March 2023, 168 notices were sent to limited partnerships which were in default of the requirements of the Limited Partnerships (Jersey) Law 1994. On 17 April 2023, the Registrar cancelled the registration of 98 limited partnerships.

### *Companies*

5.2.2 On 10 March 2023, 428 "strike off" notices were sent to companies which had not submitted an annual confirmation for 2022. 134 companies were struck off the register on 16 June 2023.



5.2.3 1,038 “strike off” notices were sent to companies which had not filed their 2023 annual confirmation statements for 2023. If the companies do not submit the annual confirmation and fee by 30 September 2023, they may be struck off the register on 1 October 2023.

## 6 Notices to provide information

6.1 Where an entity fails to respond to requests for information or fails to attend appointments for inspection without reasonable excuse, the Registry will exercise statutory powers available to it. Under [Article 9](#) of the DPI Law, local competent authorities (which includes the JFSC) can require the provision of information:

- Article 9(1) A local competent authority 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.
- 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.
- Article 9(3) provides that failure to comply with a notice under Art.9(1) or 9(2) within the specified period is a criminal offence, punishable by a fine and up to 4 years’ imprisonment.

6.2 Early in April 2023 we issued four Article 9 notices. We would advise all entities to make sure they have adequate processes/procedures in place to ensure communications (which includes Registrar correspondence and notices) are dealt with on a timely basis.

## 7 Good practice

7.1 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.

7.2 The recording of joint ownership of shares incorrectly is a common issue. We recommend reading our guidance on how to record joint members of companies.

7.3 Nominee member, nominee director and guarantor member fields are occasionally reported incorrectly. We identified that there appears to be some misunderstanding about what being a nominee director means and who might be a nominee director. To help improve understanding, we have published guidance on nominee directors on our website alongside

## 8 Inspection programme 2023

- 8.1 During 2023, the following will be prioritised for inspections (the reason for the inspection is indicated in brackets 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).
- 8.2 The inspection programme in the second half of 2023 will focus more on entities with a trust company service provider and so will include different types of legal persons as well as companies (foundations, limited liability companies, separate limited partnerships and incorporated limited partnerships). It will also include more limited partnerships.
- 8.3 Inspections may take place for unforeseen reasons such as those that are intelligence led, risk driven or to support JFSC Supervision/Enforcement.
- 8.4 The themes for Registry Supervision inspections for this year will be published on the website.
- 8.5 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.

## 9 Conclusion

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

9.2 As in the first quarter, findings for the second 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.

9.3 Please take note of the examples of best practice. We expect the findings highlighted in this paper to inform entities and related associated parties of some of the common “pit falls” effecting entities. Each entity should make its own arrangements to ensure it is complying with all relevant statutory requirements and by doing so can avoid known “pit falls”.

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 cases to HM Attorney General for prosecution of entities not having a nominated person. The fines levied by the Magistrate’s Court so far have been high and I advise entities to contact the Registry if you are in difficulty finding a nominated person. There are choices but ultimately if you cannot find a nexus with the island, you may need to wind up the entity or continue the entity out of Jersey.

9.5 Directors are encouraged to review the activities listed in Schedule 2 of the [Proceeds of Crime \(Jersey\) Law 1999](#) revised in 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.

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**August 2023**