



**Jersey Financial  
Services Commission**

# **Feedback paper on consultation paper no. 9 2023**

## **Additional supervisory risk data**

Feedback from our consultation on proposals to collect additional data as part of the JFSC's annual supervisory risk data collection.

Issued: January 2024

## Glossary of terms

Defined terms are indicated throughout this document as follows:

AIF Regulations	Alternative Investment Funds (Jersey) Regulations 2012
AML	Anti-money laundering
AMLSP	Anti-money laundering service provider
BB(J)L	Banking Business (Jersey) Law 1991
CIF(J)L	Collective Investment Funds (Jersey) Law 1988
CIFO	Channel Islands Financial Ombudsman
DNFBP	Designated non-financial businesses and professions
Footprint workbook	Excel workbook that collects organisational, compliance and sanctions data from supervised persons
FS(J)L	Financial Services (Jersey) Law 1998
GIMB	General insurance mediation business
JFSC	Jersey Financial Services Commission
JRA	Jersey Resolution Authority
IB(J)L	Insurance Business (Jersey) Law 1996
ISO	International Organization for Standardization
LPA	Legal Persons and Arrangements
MLCO	Money laundering compliance officer
MLRO	Money laundering reporting officer
NBFI	All financial corporations and quasi-corporations, other than banks, including investment firms, investment funds, insurance companies, pension funds, collective investment undertakings, fund services businesses, trust company businesses, clearing houses, financial intermediaries, financial auxiliaries, captive financial institutions and money lenders
NRA	National risk assessment
NPO	Non-profit organisations as defined in Article 1 of the Non-Profit Organizations (Jersey) Law 2008
OFSI	Office of Financial Sanctions Implementation
PEP	Politically exposed person

Person	Means any natural or legal person (including a body of persons corporate or unincorporated)
Prescribed NPO	A non-profit organisation as defined under Article 1 of the Non-Profit Organisations (Prescribed NPOs – Additional Obligations) (Jersey) Order 2022
Proceeds of Crime Law	Proceeds of Crime (Jersey) Law 1999
PII	Professional indemnity insurance
Registered person	A person who is registered, or holds a permit or certificate, as applicable, under one or more of the Regulatory Laws
Regulatory laws	The AIF Regulations, the BB(J)L, the CIF(J)L, the FS(J)L and the IB(J)L
Sector workbook	Excel workbook that collects sector specific entity data
SME	Small and medium-sized enterprises (SMEs) is made up of enterprises which employ fewer than 250 persons and which have an annual turnover not exceeding EUR 50 million, and/or an annual balance sheet total not exceeding EUR 43 million <sup>1</sup> .
Supervisory Bodies Law	Proceeds of Crime (Supervisory Bodies) (Jersey) Law 2008
Supervised person	A person that is subject to supervision by the JFSC in accordance with the Supervisory Bodies Law
2023 SRDC exercise	2023 AML/CFT/CPF and other supervisory risk data collection exercise

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<sup>1</sup> Further guidance can be found at <https://ec.europa.eu/docsroom/documents/42921/attachments/1/translations/en/renditions/native#:~:text=Jean%2DClau de%20Juncker%2C-,President%20of%20the%20European%20Commission.>

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# 1 Executive summary

## 1.1 Background

- 1.1.1 On 30 October 2023, the JFSC issued [Additional supervisory risk data consultation paper No. 9 2023](#) on proposals to expand the set of questions asked as part of the JFSC's annual AML/CFT/CPF and other supervisory risk data collection exercise.
- 1.1.2 Feedback on the proposals was sought via the consultation paper and a drop-in session held with industry volunteers who form part of the JFSC's industry working group (volunteers obtained via our [May 2023 industry call for input](#)).

## 1.2 Feedback received

- 1.2.1 The consultation period for the consultation paper closed on 1 December 2023 with a significant number of responses received (**52** in total) covering all industry sectors. It should be noted that not all respondents provided responses to all questions raised.
- 1.2.2 For completeness, output from the drop-in sessions has been incorporated into this feedback paper.
- 1.2.3 Section 2 of this paper presents a summary of the substantive comments received to the consultation paper and our response.
- 1.2.4 We are very grateful to respondents for taking the time to consider and comment on the proposals. We are also grateful to those who participated in the drop-in sessions. A full list of the respondents is provided in Appendix A.

## 1.3 Next steps

- 1.3.1 In light of the feedback received, the JFSC has resolved to:
  - 1.3.1.1 Not proceed with 10 additional questions
  - 1.3.1.2 Delay the inclusion of 34 additional questions
  - 1.3.1.3 Retain 29 additional questions to be included in the 2023 AML/CFT/CPF and other Supervisory Risk Data Collection exercise
- 1.3.2 In addition, the JFSC will proceed with issuing the legal persons and legal arrangement (LPA) data collection for the 2023 reporting year.
- 1.3.3 The JFSC will aim to launch both data collections on 1 February 2024 with the inclusion of the 29 additional new questions in the AML/CFT/CPF and other supervisory risk data collection.

## 2 Consultation feedback

### 2.1 Overview

- 2.1.1 This section summaries the substantive comments received in response to the consultation paper and provides our responses to those comments. Please note that not every comment received is individually listed. Where comments related to more than one question, or were more appropriately dealt with in another response, we have consolidated them.
- 2.1.2 The key issues under each of the consultation paper additional question headings are set out in the table below.

Question type	No. of responses	Key issues
Conduct	40	Non-regulatory breach data is not held.  Regulatory breach data and CIFO complaint data should already be accessible to the JFSC.
Financial crime	19	Clarification/guidance needed on how some of the questions relate to explicit legal requirements.  Majority of respondents do not record (in an extractable manner) details of a customer's Table 2 Sound Business Practice Policy activity.
Prudential	15	Certain data could be extracted from existing prudential reporting.  Clarification/guidance needed on new Jersey Resolution Authority (JRA) questions as not all data held.
Sanctions	27	Clarification/guidance needed around screening tool questions.  Screening tools do not specifically identify proliferation financing.
LPA	3	Information requested in the trust workbook is not mirrored in the companies workbook. Clearer guidance required.
Wire transfer	8	There is no legal requirement to categorise the purpose/rationale for payments made to or from a jurisdiction. Therefore, this information is either not held or not held in a consistent extractable manner.

### 2.2 Financial crime feedback

#### Question FC1

- 2.2.1 Industry response: respondents queried an "overall ML/TF/PF risk appetite", reporting that they do not record one overall risk appetite in this way. Respondents

that operate in more than one industry sector, with a number of different product lines, may have varying risk appetites. Additionally, the risk rating scale in the question is not set out in the AML/CFT/CPF Handbook.

- 2.2.2 JFSC response: the responses highlighted that this question cannot be answered in the format currently proposed. It will therefore be excluded and further consideration given to how this question may be asked in future data collections.

#### Question FC6

- 2.2.3 Industry response: this information was reported as being held by respondents but not in an easily extractable manner, that is, respondents had no electronic data fields to record it, so they would need to manually identify the information.
- 2.2.4 JFSC response: this question is currently asked in the trust company business sector workbook. We want this information from all industry sectors in order to make risk comparisons. Due to the labour-intensive impact on industry of collating this data for 2023, this question will not be included in the 2023 supervisory risk data collection exercise. We will request the 2024 data in the 2025 collection, and recommend industry makes appropriate adjustments to client records to enable this data to be more easily extracted.

Ref.	Question	Decision
FC1	What is the reporting entity's overall ML/TF/PF risk appetite as documented in its business risk assessment as at the end of the reporting period? a) High b) High medium c) Medium d) Medium low e) Low f) None	Exclude
FC2	Number of internal and external suspicious activity reports during the reporting period relating to: a) Money laundering b) Terrorist financing c) Proliferation financing	Retain
FC3	What frequency do you perform competence and probity checks on employees? a) Recruitment b) Change in role c) Not performed d) Other, please specify	Retain
FC4	How many customers have you declassified as PEPs during the reporting period? a) Domestic	Retain

Ref.	Question	Decision
	b) Foreign	
FC5	How many suspicious activity reports have been submitted to overseas Financial Intelligence Units in the reporting period?	Retain
FC6	Number of customers that carry out any activity listed in Table 2 of the JFSC's <a href="#">Sound Business Practice Policy</a>	Delay

## 2.3 Wire transfers feedback

### Questions WT2 and WT4

- 2.3.1 Industry response: these questions posed a significant challenge for respondents who stated that information on the purpose is not consistently collated, as there is no mandatory requirement to do so. The data requested by these questions is currently not a field in SWIFT payment systems, so firms would need to review all overseas payments line by line or potentially reach out to the customer to determine purpose of payment. Under ISO 20022 there are proposals for certain transaction codes to be mandated from November 2024. At present however, wire transfer regulations do not mandate this data when adding a purpose for a payment. Without a universally agreed set of payment reason categories there will be inconsistent reporting, leading to data integrity issues. Implementing any agreed set of payment reason categories will also require system development and project delivery, which will take time and come at a cost to industry.
- 2.3.2 JFSC response: the original rationale for requesting this data was to identify which reporting entities were transferring payments to higher risk jurisdictions and the rationale for doing so given the higher risk of ML/TF/PF. The list of jurisdictions was expanded to include all jurisdictions to prevent the need for requesting any additional data where a higher risk country or territory<sup>2</sup> may have changed risk rating during the reporting year. Following feedback, we acknowledge the significant resource challenge expressed by the respondents. We also acknowledge industry's preference for the international ISO standard, currently under development, to ensure a level playing field. We will therefore delay requesting this data and will work with industry to agree an appropriate and workable set of 'purpose of payment' categories. Where possible, we will work with the ISO 20022 timeline, its purpose codes and descriptors. It should be noted, however, that our priority is to collect data of a sufficiently informative nature to be able to identify potential ML/TF/PF risk. Should there be a delay to ISO 2022 implementation, we will proceed with requesting data in the appropriate categories to ensure that the delay does not impact on our ability to effectively supervise ML/TF/PF risk. Equally, in the interim, to ensure that there is effective and adequate supervision of transaction monitoring to and from higher risk jurisdictions, supervisory testing/examinations may be conducted during 2024 and 2025 as part of our on-site programme.

<sup>2</sup> A country or territory which a supervised person has concluded presents a higher risk of money laundering, the financing of terrorism, and the financing of proliferation, using reliable and independent third-party sources.



Ref.	Question	Decision
WT1	How many customers <b>sent</b> money to this jurisdiction <sup>3</sup> in [year]?	Retain
WT2	In relation to WT1, what was the <b>purpose/rationale</b> for the <b>payments made</b> to this jurisdiction in [year] by percentage? <ul style="list-style-type: none"> <li>› Transfer to own account</li> <li>› Salaries</li> <li>› Investments</li> <li>› Fees (e.g. consultancy, school, lawyers)</li> <li>› Housekeeping (e.g. utilities, rent, mortgage)</li> <li>› Friends and Family</li> <li>› Travel</li> <li>› Property (to be split by moveable and immovable)</li> <li>› Healthcare</li> <li>› Charitable donations</li> <li>› Loans</li> <li>› Insurance</li> <li>› No information</li> <li>› Other</li> </ul>	Delay
WT3	How many customers <b>received</b> money from this jurisdiction <sup>4</sup> in [Year]?	Retain
WT4	In relation to WT3, what was the <b>purpose/rationale</b> for the <b>payments received from</b> this jurisdiction in [year] by percentage? <ul style="list-style-type: none"> <li>› Transfer from own account</li> <li>› Salary</li> <li>› Return from investments</li> <li>› Fees (e.g. consultancy, legal)</li> <li>› Friends and Family</li> <li>› Loans</li> <li>› No information</li> <li>› Other</li> </ul>	Delay

## 2.4 Sanctions monitoring feedback

Questions SM1, SM2, SM5 and SM9

- 2.4.1 Industry response: respondents asked for clarity on these questions, in particular, what would be deemed to be an amendment and/or update, what types of lists are being referred to, as well as requesting examples of what is meant by screening tool

<sup>3</sup> List of ISO 3166-1 standard countries

<sup>4</sup> List of ISO 3166-1 standard countries

versus screening tool list. Comment was also made that questions SM1 and SM2 will generate very similar data and whether both questions were needed.

- 2.4.2 JFSC response: published guidance will be made available to industry alongside the launch of the 2023 SRDC exercise. Question SM2 will not be included in the 2023 collection exercise as the data from SM1 will be sufficient to provide data on the frequency of screening tool updates.

#### Question SM10

- 2.4.3 Industry response: respondents expressed a number of challenges with this question. The most significant was that screening tool hits do not specifically reference proliferation financing. This may be identified or suspected following further investigation but it is not a data field produced by the screening tools and so it would be very difficult to provide such data. In addition, the use of the word “potential” posed challenges as data on confirmed hits is retained but data on potential hits is discounted and not retained.
- 2.4.4 JFSC response: Due to the lack of available data on this question, we will not be including it in the 2023 SRDC exercise.

Ref.	Question	Decision
SM1	How often is your screening tool amended/updated?	Retain
SM2	When was the screening tool last amended/updated?	Exclude
SM3	Have you found any deficiencies in your screening tool? If yes, provide details	Retain
SM4	What lists are used for screening purposes? a) UK Sanctions List b) OFSI Consolidated List c) UK prescribed terrorist groups or organisations list d) Internal watch list e) Group watch lists	Retain
SM5	How often is the screening tool list amended/updated?	Retain
SM6	What logic is used for screening? a) Fuzzy b) Exact	Retain
SM7	How and when was the effectiveness of the matching criteria last tested?	Retain
SM8	Which customers are screened? a) High risk customers b) Standard risk customers c) Low risk customers	Retain

Ref.	Question	Decision
	d) All customers e) Prospective customers	
SM9	Do you maintain and manage lists of customers/associated parties/vessels/aircrafts/entities/persons identified as potentially related to the prevention, suppression and disruption of proliferation of weapons of mass destruction and its financing?	Retain
SM10	In the period, how many potential hits were related to targeted financial sanctions related to proliferation financing?	Exclude

## 2.5 Conduct risk feedback

### Questions CR1

- 2.5.1 Industry responses: respondents advised that they do not maintain a record of non-material breaches or non-regulatory breaches.
- 2.5.2 JFSC Response: to understand a complete picture of compliance difficulties, we were looking to collect data on all breaches. This includes non-regulatory and regulatory breaches that were not material to registration, not just those of sufficient materiality to be reported to the JFSC directly. As this data is not readily available, we will not be including it in the 2023 SRDC Exercise.

### Questions CR2, CR9, CR11, CR12, CR14

- 2.5.3 Industry responses: respondents highlighted that this data is already available to the JFSC via other sources.
- 2.5.4 JFSC Response: to reduce the reporting burden on industry, we will look to obtain the information requested from these questions through alternative sources.

### Question CR16

- 2.5.5 Industry response: respondents advised that they do not categorise complaints using the complaint types provided and to do so would result in additional work to revisit each complaint and categorise in this way.
- 2.5.6 JFSC response: categorising complaints in this way is helpful to both reporting entities and the JFSC to identify themes. Where reporting entities currently do not categorise complaints, we would recommend that they do so to help identify potential conduct risk themes. This question will be delayed from inclusion in the 2023 SRDC exercise to allow reporting entities time to consider appropriate complaint categorisations.

### Question CR17

- 2.5.7 Industry response: while conflicts are recorded, they are not categorised in the manner suggested by question CR17.
- 2.5.8 JFSC response: this question will be amended to remove the categories and instead request 'No. of conflicts of interest recorded by the reporting entity as at the end of the reporting period'. Further consideration will be given to how we may introduce conflict categories in future supervisory risk data collection exercises.

### Question CR18

- 2.5.9 Industry response: clarity on this question was sought by reporting entities that provide loans by way of business.
- 2.5.10 JFSC response: initial guidance on the scope of this question was included in the consultation paper stating that the question was not intended to capture loans by way of business. However, we will delay the inclusion of this question while further consideration is given to the scope and supporting guidance for this question.

**Question CR19-21**

- 2.5.11 Industry response: respondents were supportive of these questions but sought clarity on the scope.
- 2.5.12 JFSC response: published guidance will be made available to industry alongside the launch of the 2023 SRDC Exercise.

**Question CR22**

- 2.5.13 Industry response: respondents acknowledged that recording customers as vulnerable is commonplace for investment businesses. However, respondents from other industry sectors advised that while they may record a customer's vulnerable circumstances, they do not categorise the customer as vulnerable in a reportable data format.
- 2.5.14 JFSC response: conduct risk can be heavily impacted by a customer's level of vulnerability. As identified by the respondents, this is of particular concern in the investment business sector where the code of practice makes specific reference to identifying and protecting vulnerable customers. It is acknowledged that other sector codes of practice do not have the same specific requirement and so it may be difficult to extract such data. This question will be retained and reporting entities who do not categorise customers in this way may simply provide a 'no' response to the question or report on a best endeavours basis.

Ref.	Question	Decision
<b>Breaches</b>		
CR1	No. of breaches recorded in the period categorised into the following breach types: 1) Internal policies and procedures (non-regulatory) 2) AML/CFT/CPF Handbook [no. of breaches per section of the handbook to be provided] 3) Regulatory Law Code of Practice [no. of breaches per section of the Codes]	Exclude
CR2	No. of breaches notified to the JFSC in the period	Exclude
CR3	No. of breaches open over 90 days as at the end of the reporting period	Retain
<b>Claims and compensation</b>		
CR4	No. of PII notifications made in the period	Retain
CR5	No. of PII claims paid in the period	Retain

Ref.	Question	Decision
CR6	Value of PII claims paid in the period	Retain
CR7	No. of open litigation claims where the reporting entity is the defendant, as at the end of the reporting period	Retain
CR8	No. of litigation claims paid out, and the value, where the reporting entity is the defendant in the reporting period	Retain
CR9	Are all your services covered by a financial compensation scheme? If No, what services are not covered?	Exclude
<b>Complaints</b>		
CR10	No. of customer complaints received in the period	Retain
CR11	No. or complaints referred to CIFO in the period	Exclude
CR12	No. of complaints open over three months	Exclude
CR13	What is the average time to resolve a complaint? a) < 1 week b) 1-2 weeks c) 2-3 weeks d) > 4 weeks	Retain
CR14	Value of compensation paid in the period as a result of a CIFO determination	Exclude
CR15	No. and total value of ex-gratia payments paid in the period	Retain
CR16	No. of complaints recorded in the period categorised into the following complaint types: › Poor administration, including customer service › Customer due diligence process › Fees/charges › Mis-selling/unsuitable advice › Withdrawal/refusal of services › Fraud › Non-payment of claim › Transaction Error	Delay
<b>Conflicts of Interest</b>		
CR17	No. of conflicts recorded in the following categories, as at the end of the reporting period: › Friends and family	Retain

Ref.	Question	Decision
	<ul style="list-style-type: none"> <li>› Financial affairs</li> <li>› Business dealings</li> <li>› Employment</li> <li>› Associates and affiliates</li> </ul>	
CR18	Number of connected parties <sup>5</sup> provided with loans and the value outstanding as at the end of the reporting period <sup>6</sup>	Delay
<b>Information security</b>		
CR19	How many information security incidents have there been in the reporting period that have resulted in the loss of customer information?	Retain
CR20	How many breaches have been reported to the Jersey Office of the Information Commissioner in the reporting period?	Retain
CR21	As at the end of the reporting period, how many months ago was the reporting entity's last cyber test?	Retain
<b>Vulnerable customers</b>		
CR22	Do you categorise customers as vulnerable? If yes, what number of customers have been categorised as vulnerable?	Retain

## 2.6 Prudential risk feedback

### Questions PR1-PR3

- 2.6.1 Industry responses: respondents highlighted that they already provide aspects of this data to us through prudential reporting and queried the need to report similarly through the supervisory risk data collection exercise.
- 2.6.2 JFSC response: data on annual revenue, costs and profit is provided by relevant reporting entities via established prudential reporting mechanisms. However, these mechanisms do not provide the level of granularity requested by these questions. The JFSC will delay the inclusion of these questions while it explores the use of existing data.

Ref.	Question	Decision
PR1	What is the reporting entity's annual revenue broken down by: <ul style="list-style-type: none"> <li>› Customer fees</li> <li>› Interest income</li> </ul>	Delay

<sup>5</sup> Includes staff, board members and their families

<sup>6</sup>Excluding loans provided by way of business, i.e. banks/lenders

Ref.	Question	Decision
	› Other income	
PR2	What is the reporting entity's annual costs broken down by: <ul style="list-style-type: none"> <li>› Staff costs</li> <li>› Bonus costs</li> <li>› IT costs</li> <li>› Other costs</li> </ul>	Delay
PR3	What is the reporting entity's annual profit after tax?	Delay

### Questions PR10-PR35

- 2.6.3 Industry response: respondents sought clarity in relation to these questions, especially around the remit of the data request and definitions of certain terminology used. Depending on the additional clarity sought, the information may not be available.
- 2.6.4 JFSC response: the data requested from these questions was primarily to support the work of the Jersey Resolution Authority (JRA). The JRA will require more time to fully review the responses received which may require questions to be amended. The JRA will work with industry and the JFSC to agree on a final set of questions for the 2024 reporting year. Therefore, the release of these questions will be delayed and not included in the 2023 SRDC Exercise.

Banking sector		Decision
PR10	Total value and number of retail deposits	Delay
PR11	Total value and number of Jersey resident retail deposits	Delay
PR12	Total value and number of small and medium-sized enterprise (SME) <sup>7</sup> deposits	Delay
PR13	Total value and number of Jersey resident SME deposits	Delay
PR14	Total value and number of commercial deposits (excluding SME)	Delay
PR15	Total value and number of Jersey resident commercial deposits (excluding SME)	Delay
PR16	Total value and number of non-bank financial institution (NBFI) <sup>8</sup> deposits	Delay
PR17	Total value and number of Jersey resident NBFI deposits	Delay

<sup>7</sup> The category of micro, small and medium-sized enterprises (SMEs) is made up of enterprises which employ fewer than 250 persons and which have an annual turnover not exceeding EUR 50 million, and/or an annual balance sheet total not exceeding EUR 43 million.

<sup>8</sup> All financial corporations and quasi-corporations, other than banks, including investment firms, investment funds, insurance companies, pension funds, collective investment undertakings, fund services businesses, trust company businesses, clearing houses, financial intermediaries, financial auxiliaries, captive financial institutions and money lenders.

Banking sector		Decision
PR18	Total value and number of Jersey fiduciary deposits <sup>9</sup>	Delay
PR19	Value and number of Jersey resident fiduciary deposits	Delay
PR20	Total number of ATMs in Jersey	Delay
PR21	Total number of physical branches in Jersey	Delay
PR22	Gross value and volume of cash transactions during the reporting period	Delay
PR23	Gross value and volume of card/merchant transactions during the reporting period	Delay
Banking sector – lending data		
PR24	Total value and number of residential mortgage customers	Delay
PR25	Total volume and value of residential mortgage lending to Jersey resident customers	Delay
PR26	Total value and number of other retail lending customers	Delay
PR27	Total value and number of other retail lending to Jersey resident customers	Delay
PR28	Total value and number of commercial lending to customers	Delay
PR29	Total value and number of commercial lending to Jersey resident customers	Delay
PR30	Total value and number of NBFI lending to customers	Delay
PR31	Total value and number of NBFI lending to Jersey resident customers	Delay
Investment Business Sector		
PR32	Gross value and number of securities transactions during the reporting period	Delay
PR33	Gross value and number of securities transactions during the year for Jersey resident customers	Delay
PR34	Total value of assets under custody and the number of customers this relates to	Delay
PR35	Total value of assets under custody and the number Jersey resident customers this relates to	Delay

<sup>9</sup> As defined in Appendix I of [Prudential Reporting of Liquidity Ratios for JIBS \(jerseyfsc.org\)](https://www.jerseyfsc.org/)



## 2.7 Legal persons and legal arrangements (LPA) feedback

- 2.7.1 Industry response: two responses were received in relation to this data set. The responses included requests for:
- 2.7.1.1 greater alignment between questions/categories used in the trust workbooks and the companies workbooks
  - 2.7.1.2 clear guidance
  - 2.7.1.3 the workbooks to be amalgamated
  - 2.7.1.4 reporting to be produced by client group rather than reporting separately for trusts, companies and non-Jersey companies
- 2.7.2 JFSC response: due to the limited time available, and to provide like-for-like comparisons against the 2022 data, the questions and format of the data collection request will not change in respect of the 2023 reporting year. Consideration will be given to enhancements for future years, where possible. Guidance will be published on the JFSC website to support the data collection, once launched.

## 2.8 Non-profit organisation (NPO) feedback

### Question NPO1

- 2.8.1 Industry response: respondents highlighted that there is no legal requirement for NPOs to identify or record PEP connections. Therefore, with no legal basis to do so, respondents advised that this data is not held.
- 2.8.2 JFSC response: We acknowledge that there is no legal requirement for NPOs in Jersey to identify and maintain records of PEPs. While the proposed question would have been asked on a 'if known/best efforts' basis, we're conscious that NPOs may undertake additional work to identify PEPs if asked to do so, even on a voluntary basis. We want to avoid any unintended consequences/ taking resources away from the good work NPOs undertake. While we are aware certain Jersey NPOs do hold information on PEP connections, not all do. Therefore, the data collated would not provide a complete picture of the sector. On this basis, this question will not be included in the 2023 NPO data collection.

Ref.	Question	Decision
NPO1	Number of PEP connections to the NPO (either through ownership, donations or beneficiaries/NPO partners).	Exclude
NPO2	Names of the Governors/Controllers of the NPO	Retain

## 2.9 Other feedback

Data from newly registered Schedule 2 businesses and AMLSPs

- 2.9.1 Question from industry: how will those entities now in scope of Schedule 2, and considered supervised persons (following the Schedule 2 recast), be required to submit 2023 supervisory risk data, in particular, those serviced via an AMLSP?
- 2.9.2 JFSC response: following the recast of Schedule 2 of the Proceeds of Crime Law on 30 January 2023, the JFSC processed over 3000 new Schedule 2 registrations in 2023. The majority of these registrations are provided MLRO and MLCO services via an AMLSP. Due to the scale of new registrations, we need sufficient time to consider the

impact of supervisory risk data reporting on these Schedule 2 businesses and their AMLSPs. For this reason, newly registered Schedule 2 businesses will not be required to complete individual returns for the 2023 SRDC Exercise. We note that data on the customers of AMLSPs (who are regulated entities) will include these Schedule 2 businesses. The two exceptions to this are set out in 2.9.3 and 2.9.4 below.

- 2.9.3 Private trust company<sup>10</sup> data will be requested in the 2023 SRDC Exercise from trust company business service providers using the same questions and reporting methods as in previous years. As this is an established reporting format, it is not considered to have a material impact on reporting entities.
- 2.9.4 It should be noted, however, that data is required by the Government of Jersey to support a national risk assessment regarding the reintroduction of certain exemptions (potentially non-executive directors and private lenders). To support this, certain data may need to be collected from this population. This will form the basis of a separate targeted data collection, if required.

## 2.10 Consultation paper questions

Question 1: Do you foresee any challenges in providing the additional data, set out in section 3 of the consultation paper?

- 2.10.1 Industry response: there were three themes from respondents to this question: additional resourcing requirements, the need for clearer guidance and the complexity of cross-border data collection.
- 2.10.2 JFSC response: we acknowledge the challenges presented by the proposed additional questions and hope that the changes we have set out earlier in this paper will help to alleviate some of these challenges.

Question 2: Is the extended submission period of 1 February 2024 to 31 May 2024 sufficient for you to gather the additional data?

- 2.10.3 Industry response: the majority of respondents advised that the extended reporting period was sufficient.
- 2.10.4 JFSC response: the challenges posed by the additional wire transfer payment rationale questions appeared to be the cause of the negative responses from the banking sector. Our proposed delay in launching these questions should help allow businesses to provide the data within the extended submission period.

Question 3: Are there any questions proposed for your industry sector that you do not agree with?

- 2.10.5 Industry response: responses to this question included queries of whether data may be available to the JFSC through other means, such as prudential returns, wire transfer questions and the difficulties with question SM10.
- 2.10.6 JFSC response: question specific industry responses and JFSC responses have been incorporated earlier in this paper under the relevant question section feedback.

Question 4: Would publication by the JFSC of anonymised consolidated data statistics from the annual supervisory risk data collection exercise be helpful to you?

If yes, what data would you find useful to improve your business's understanding of sectoral risk and its profile within its industry sector?

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<sup>10</sup> As defined in paragraph 4 of the Schedule to the [Financial Services \(Trust Company Business Exemptions\)\) \(Jersey\) Order 2000 \(jerseylaw.je\)](#)

- 2.10.7 Industry response: 80% of respondents agreed that this would be helpful.
- 2.10.8 JFSC response: We thank industry for their feedback which will be considered as we look to develop our supervisory risk data and website provisions.

Question 5: Given the JFSC's strategic aims as outlined in paragraph 1.2.4, do you have a strategy for increasing technology solutions for data collection and provision?

- 2.10.9 Industry response: 68% of respondents confirmed that they had a strategy for increasing technology solutions.
- 2.10.10 JFSC response: the positive response rate is encouraging. With our strategic aim to provide greater efficiencies from automation and improved systems, we will work with industry to provide technology solutions that support both the JFSC and industry to make efficiencies.

Question 6: Are you supportive of the proposed staged approach to requesting additional data, as set out in paragraph 1.2.4 [of the CP]?

- 2.10.11 Industry response: all respondents agreed that they were supportive of a staged approach.
- 2.10.12 JFSC response: a staged approach provides both industry and the JFSC time to ascertain which questions would generate the most appropriate data for assessing existing and emerging risks. We recognise the challenges industry faces when posed with additional data requests. As evidenced from this feedback paper, we will continue to work with industry to agree data collection questions and timeframes that are appropriate and proportionate.

### 3 Appendix A – List of respondents

Sector	No. of responses
Banking	9 (including industry body response)
Trust company business	10 (including industry body response)
Fund services business	3 (including industry body response)
Investment business	4
GIMB and/or insurance	5
DNFBP	6
NPO	2
Regulatory consultancy	2
Anon	11