



Jersey Financial
Services Commission

Registrar of Companies report

**Registry Supervision inspection
programme 2023 – Quarterly
feedback paper – 1 October to 31
December and annual reflection
for 2023.**

**Adequate, accurate and current
information assessments**

Issued: February 2024

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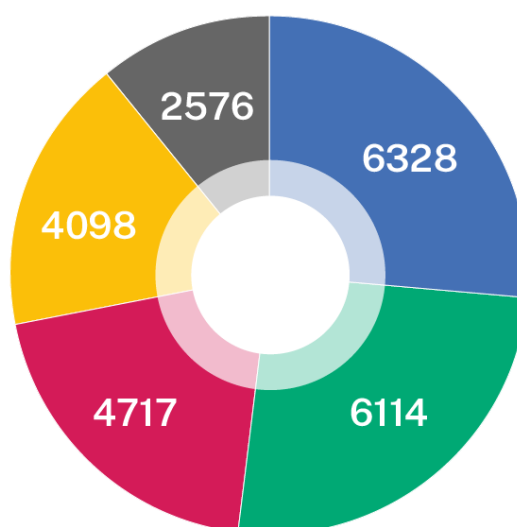
1 Introduction

- 1.1 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.
- 1.2 A core focus for our transparency regime is ensuring that basic, beneficial ownership and controller information is adequate, accurate and up to date and can be made available to competent authorities on a timely basis.
- 1.3 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 authenticate and verify information on the register to ensure it is adequate, accurate and up to date.
- 1.4 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.
- 1.5 An inspection programme designed to carry out checks to authenticate the information provided to us, began in April 2022. This report covers the first full calendar year (1 January 23 to 31 December 2023) since the inception of the programme. The key part of the process comprises inspection appointments where relevant individuals are met face to face by Registry Examination Officers.
- 1.6 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 and may include the rationale for identifying particular beneficial owners or controllers.
- 1.7 Where breaches of information requirements are identified, penalties are applied when appropriate and proportionate to do so.
- 1.8 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 report.
- 1.9 The findings from these reviews are considered with other competent authorities in Jersey and allow a multipronged response to any issue arising. It also provides information to continually assess whether we are being effective in our fight against money laundering, terrorist financing and proliferation financing. Competent authorities meet regularly through the year.

2 Inspection analysis for 2023

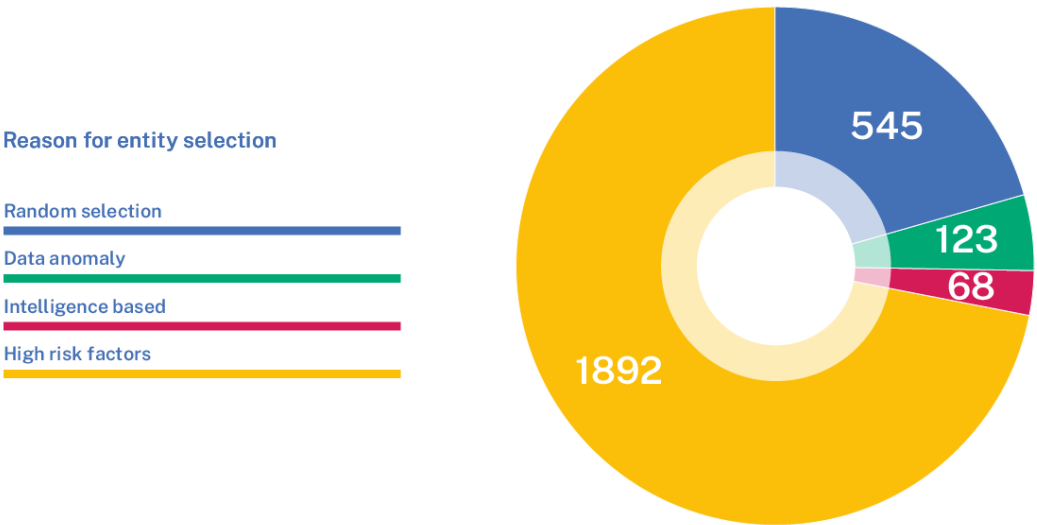
- 2.1 A legal person must update the registers at the JFSC within 21 days of any change relating to beneficial owners, controllers, or significant persons. The JFSC continues to focus the inspection programme on assessing whether there have been breaches in updating information within 21 days of knowledge of a change. The 2023 inspection programme planned for the Registry Supervision team to visit 1,200 entities; the actual number inspected was 2,630 entities. These inspections amounted to c7% of the total entities registered as at 1 January 2023. 2,759 new incorporations within the year were also reviewed (as part of the usual process to incorporate) raising the inspection level to c14% of all entities as at 31 December 2023. All 2,630 entities received written feedback within 21 days from the close of any inspection, in line with our published review criteria.
- 2.3 During the year Registry Supervision examiners reviewed and authenticated details of 14,256 associated parties (individuals and corporates). The associated parties encompass 23,833 roles comprising beneficial owners, controllers, members, directors, and other significant persons. An analysis of this population is given in the pie chart (pie chart 1) below:

Total number of roles held by the associated parties

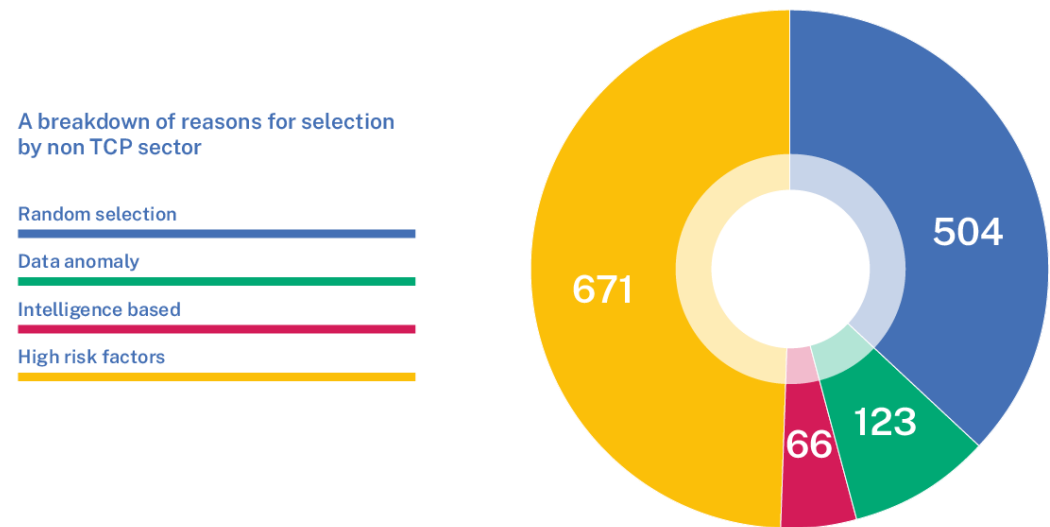


- 2.4 The objectives of the inspections are to assess the extent to which:
- › legal persons demonstrate they have updated the central register with accurate, adequate, and up to date information;
 - › that legal persons can demonstrate that they have correctly identified the beneficial owners and/or controllers of the entity; and
 - › that no data was wrongfully provided to the Registry with the intention to mislead.

2.5 The rationale for choosing entities for inspection has been explained in earlier quarterly reports. In line with the objectives stated above an analysis of the selected entries for 2023 (which includes a segregation analysis) is shown below:



2.6 A breakdown of reasons for selection by non TCSP sector:

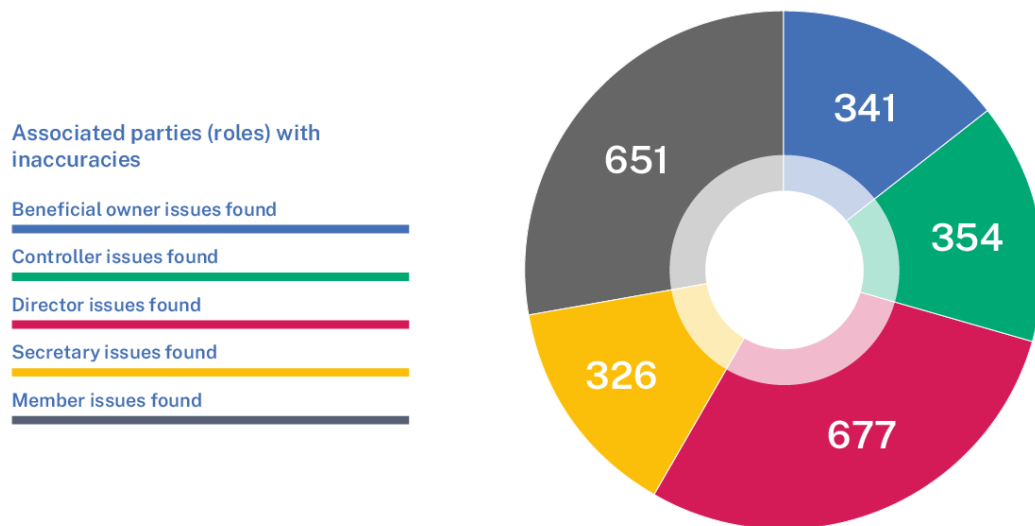


2.7 Entity type segregation statistics for 2023 are detailed below:

Type of entity				TCSP connection	
	Number of inspections	Number of findings letters issued within 21 days of inspection meeting	Compliance with any rectification required %	Yes	No
Companies	2,562	2,562	100%	1,201	1,361
Limited Partnerships	55	55	100%	52	3
Limited Liability Partnerships	6	6	100%	6	0
Foundation	7	7	100%	7	0
Total	2,630	2,630		1,266	1,364
Total number of associated parties reviewed as part of the 2023 Inspection Programme				23,833	

3 Summary of Key Findings for 2023

- 3.1 From the sample population analysis above the inspections identified several inaccuracies. Of the 14,256 associated parties (these parties are also linked to 23,833 roles), 2,349 role inaccuracies were identified and are analysed in the pie chart (pie chart 3) below:



- 3.2 The most common inaccuracies found during our 2023 visits were:

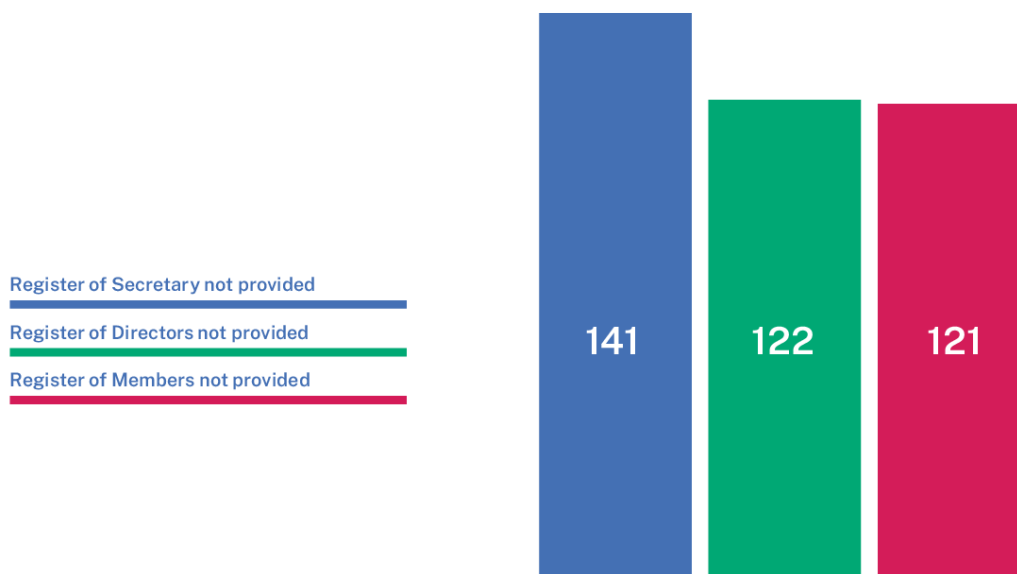
1. Failure to disclose the individuals who control a corporate trustee if not JFSC regulated.
2. Structure charts that do not clearly outline the ownership structure or provide sufficient details about the individuals or entities with significant ownership interests and control.
3. Difficulties associated with recording joint ownership of shares correctly.
4. Inadequate records and documentation related to address and identity verification.
5. Failure to provide translation documentation for foreign due diligence documentation.
6. Statutory registers containing inaccurate or outdated information.

The work programme for 2024 is designed to aid the reduction of these inaccuracies.

4 Other findings

- 4.1 Of the 2,630 entities inspected during 2023:

460 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 and as such we expect the law to be adhered to. As a result of these findings, we have designed our 2024 programme to aid improvements in these areas.

5 Application of penalties and strike off during the year

- 5.1 During the year we referred several breaches to HM Attorney General for failings with filing obligations which were identified during the normal course of business and findings from inspections. Court sanctions have been disclosed in earlier quarterly reports.
- 5.2 A number of fines were issued during the second half of 2023 for those who did not provide beneficial ownership data within the 21 days of a change or as requested by the JFSC.
- 5.3 On 30 June 2023 1,033 companies received a notice advising that they had missed the deadline for filing the annual confirmation statement. During the last quarter of 2023, the Registry Supervision team reviewed those companies and determined that 143 companies were still in breach and should be struck off.
- 5.4 On 30 November 2023, the Registrar struck off the 143 companies for not filing the annual confirmation statement.

6 Good practice (a summary of findings from the four quarters of 2023)

- 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.
- 6.2 We have found that entities who keep up to date due diligence documentation with the registers tend to file the right identification data. This leads to middle names, alias, and maiden names being correct.

- 6.3 In some cases, although registers held at the entity's registered office were up to date, we found that the central register at the JFSC was not. Registry Supervision examiners have observed that where entities are more effective in their filing obligations they are regularly checking the statutory registers against entity records.
- 6.4 Good practice involves developing a comprehensive pre-inspection readiness plan. A readiness plan ensures that entities are well-prepared, reducing the risk of oversights and streamlining the inspection process.
- 6.5 TCSPs that maintain comprehensive documentation of trust structures, ownership, and control information tend to have less findings. For example, maintaining a detailed structure chart that clearly shows the individuals or entities with significant control or interests including percentage ownership helps demonstrate commitment to transparency and regulatory compliance as well as facilitates the inspection. Most TCSPs were able to identify the trustees, beneficiaries (vested/non-vested), settlors and protectors, and disclosed their roles and powers accurately.
- 6.6 The myParties function within the myRegistry platform should be utilised as this enables users to submit more accurate information. We note from our investigations that human error with data inputting is where most errors occur. Using the myParties feature enables users to enter the details once and then select it from their address book in future. The efficiency is from only keying the information once and then apply across other entities in your portfolio.
- 6.7 The feature provides several benefits, these include:
- › allowing users to create a library of regularly used associated parties;
 - › reducing the time taken for a customer to complete myRegistry submissions – incorporations/registrations, annual confirmations and update associated parties;
 - › improving the quality of data entered in myRegistry
- 6.8 Entities are also reminded of the requirements of international standards to have a nexus to the island and importance of the registered office. We take this opportunity to draw your attention to the updated guidance on our websites on the registered office requirements and the steps to be taken when changing or objecting to a registered office.

7 Inspection programme 2024

7.1 Collaboration with JFSC examinations:

The Registry inspection team will collaborate with the JFSC Supervision Examinations Unit and will accompany them when they visit a supervised person. In advance of the examination, Registry Supervision will select for inspection entities which are customers of that supervised person.

7.2 High Risk indicators

- › We will continue to priorities inspections that contain high risk flags (sensitive activity or activity linked to high-risk jurisdictions.
- › Key individuals linked to high-risk jurisdictions.
- › Key individuals linked to high risk/sensitive activity outside the entity.
- › Key individuals linked personally, or by association, to offences of dishonesty.

7.3 Politically Exposed Persons

Registry Supervision will collaborate with the JFSC Supervision thematic examination programme and will be accompanying the examiners on the thematic examination on Politically Exposed Persons. The key area of focus for the Registry Supervision examiners is to authenticate and verify the information provided to the Registrar.

7.4 Themed visits

We will continue our focus on entities which do not have a TCSP connection, in particular:

- › Multiple non TCSP connected entities using the same registered office address.
- › Entities for which the location or number of beneficial owners/ members/ significant persons do not appear to fit with the nature of the activity.
- › Where the same non-TCSP nominated person is providing services to a high number of entities.
- › Entities previously subject to queries which may have triggered a higher risk profile.
- › Previous history of late/non-compliance with statutory obligations.
- › Entities with directors who act for many other companies.

7.5 We will also review public entities to ensure compliance in respect of the filing of audited annual report and accounts and where there are breaches of the relevant entity laws, the Registrar may refer the cases to the Attorney General for a decision on whether to prosecute.

8 Conclusion

- 8.1 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.
- 8.2 During 2023 we have found that inaccuracies have been minor infractions. The Registry Supervision Examination team continues to provide guidance on how to rectify Registry records.
- 8.3 The Registry Supervision examination team emphasizes the importance of preparation ahead of meetings to ensure that all necessary documentation is in place in advance of meetings. This enhances overall efficiency of the inspection and demonstrates a commitment to compliance and transparency. Conversely, last minute documentation gathering and preparation for the inspection leads to increased likelihood of oversights, resulting in a reactive rather than proactive response during inspections.
- 8.4 We note from the TCSPs inspected that the records were well maintained and that they had provided an up-to-date record of beneficial ownership information on the central register. They clearly defined and identified beneficial owners and controllers in alignment with the guidance, and demonstrated a thorough understanding of who qualifies as a beneficial owner or controller.
- 8.5 By following good practice, entities can enhance their compliance with ownership and control disclosure requirements, promote transparency, and maintain the trust of stakeholders. We expect the findings highlighted to inform entities and related associated parties of the common “pit falls”. Each entity should make its own arrangements to ensure compliance with relevant statutory requirements and by doing so can avoid known “pit falls”.
- 8.6 Having undergone a period of outreach and engagement to increase understanding of the information requirements, we are now focusing on the use of appropriate and proportionate sanctions. This year several cases have been referred to HM Attorney General for prosecution for not having a nominated person. The Magistrate’s Court continues to issue fines to offenders.
- 8.7 Penalties are also being issued by the Registry to entities for non-compliance with the requirements of the DPI Law and have failed to remediate within a timely manner. In some instances, notices under Article 9 of the DPI Law have been issued to entities and individuals who have not provided requested documentation within the specified time frame.
- 8.8 Directors are encouraged to review the activities listed in Schedule 2 of the [Proceeds of Crime \(Jersey\) Law 1999](#) which was revised in January 2023, and consider whether their own activities as directors, or the activities of the entities they act for, are now in scope. If so, registration as a Schedule 2 business may be required. Further information is available on the JFSC website.