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First for Finance

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1961 2021

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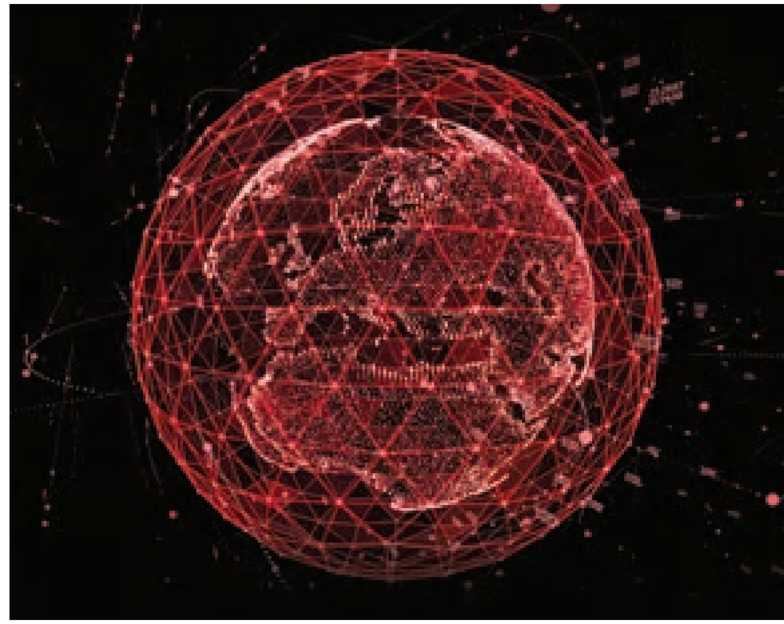

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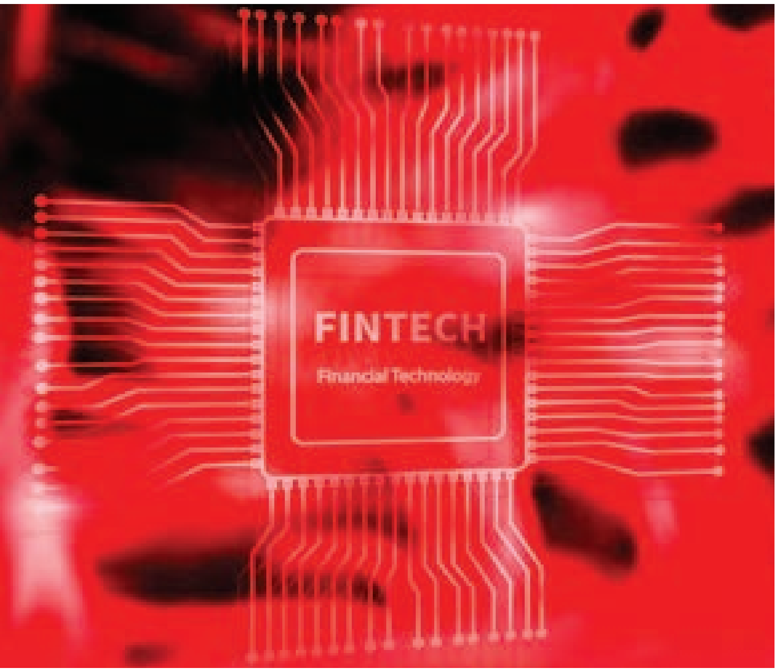

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Message

THE RIGHT HONOURABLE WILLIAM RUSSELL
LORD MAYOR OF THE CITY OF LONDON

It is my great pleasure to be asked to contribute to this special edition of Jersey ~ First for Finance, celebrating the Island's 60th anniversary as an international finance centre. The City of London already has strong ties with Jersey and we look forward to forging new links as our two financial centres adapt to the post-pandemic environment.

We are particularly keen to create cooperation opportunities in the areas of green finance and climate change. The extreme weather events of the last few years have highlighted the importance of environmental, social and governance (ESG) issues.

In order to deal with climate change, the City of London and Jersey have a responsibility to act globally, act radically and act now.

The financial services sector will be key in charting a new course on the world stage. There is no doubt that sustainable finance has become a strategic priority as we emerge from the pandemic and begin our mission to build back better.

Jersey has a vital role to play in the transition to net zero. It will be key in directing capital and influencing best practice to support green finance.

Jersey is also well placed to benefit from the green revolution and sustainable investing. The Island's recently launched long-term strategic plan to support its finance industry in its transition to a more environmental future is a great example of Jersey being at the forefront of sustainable growth.

There are a number of ways our two financial centres can work together towards the vision and objectives for where we intend to be by 2030. Not least of these is the sharing of expertise which will help drive both the UK's and the Channel Island's economic recovery, as we emerge from the challenges posed by COVID-19.

We at the City of London Corporation firmly believe in nurturing collaboration with Jersey and with other financial services across the UK. Closer collaboration can act as a springboard to growth and investment – helping to create jobs across regions.

In the wake of a pandemic which has shaken many certainties, strengthening our collaborative network will help to drive prosperity for the next 60 years and beyond.

Message

AIR CHIEF MARSHAL SIR STEPHEN DALTON,
GCB ADC LLD(HON) DSC(HON) BSC FRAES CCMI RAF, LIEUTENANT GOVERNOR OF JERSEY

The last 60 years have seen dramatic changes in the world in which we live. Recognition that we are custodians of the planet and that the way we manage our finances internationally has a significant role to play in seeking to reduce the impact of global warming and the sustainability of our world features strongly in the minds of Jersey men and women.

Jersey continues to develop as a stable, democratic, largely self-governing Dependency of the British Crown. As such, it has built a society and governance model that can be relied upon to provide a very positive place to work and thrive and in which to do business with confidence. Equally, Jersey has a regulatory and legal structure that is modern, comprehensive and rigorously enforced. The rule of law is paramount, whilst the security and status of the Island is guaranteed by its strong relationship with the UK.

As I reflect on Jersey's 60 years as an international finance centre (IFC), I am reminded of the seamless evolution and transition that has been the hallmark of its development. Today, the IFC has a well-earned and justified reputation for excellence as it continues to make a significant contribution to the prosperity of Jersey and the development of its 21st Century infrastructure. Finance does not operate in isolation and Jersey's contribution to the world of trade, accountancy, business and agriculture all continue to grow. The Jersey community adapted very effectively during the recent COVID-19 pandemic and with the cooperation of the UK, it quickly rolled out a highly effective vaccination programme, all of which kept Jersey society and business working positively throughout the pandemic. With its stability, strong regulatory framework and a constant programme of innovation around technical advances in digital services and the protection of Internet access, Jersey is well placed to continue to meet the needs of the global finance industry for another 60 years and beyond.

Jersey is rightly proud of its heritage and the benefits of its loyalty to The British Crown. Its finance industry stands as a strong example of how a properly run, regulated and successful business can enhance that heritage and reputation, whilst continuing to build a strong, vibrant and highly engaging 21st Century community in which to live and work.

Preface

SENATOR JOHN LE FONDRÉ, CHIEF MINISTER, GOVERNMENT OF JERSEY

I am delighted to have been asked to contribute to this special edition of Jersey ~ First for Finance, which celebrates Jersey's 60th anniversary as an international finance centre.

Our Island's financial services industry is so interwoven in our contemporary economy, community, international profile and even political outlook, that it is difficult to remember a time when this was not the case. Today, financial services represent approximately 40% of Jersey's GVA and is the largest sector of our economy by employment.

However, 60 years ago, this was not the case, as tourism and agriculture dominated the local employment market, the Code of 1771 still restricted the interest chargeable on loans to 5% and finance represented only a fraction of the Island's economy.

Over the last six decades, successive governments have taken steps, alongside the finance industry, to evolve and grow this sector; enhancing the Island's reputation, modernising our regulatory framework and promoting the industry abroad.

This process began in 1961 when a series of legislative changes, led by Senator Cyril Le Marquand and the Finance and Economics Committee, modernised Jersey's financial regulations and created room for the first merchant banks to open in the Island. An amendment to the Code of 1771 to remove the restrictions on interest and the Income Tax (Jersey) Law 1961 were quickly followed by the arrival of M. Samuel (later Hill Samuel) in December 1961. Jersey's financial services sector continued to grow through the 1960s with total bank deposits 10 times the per capita ratio of the UK, at almost £300 million in total, by the end of the decade.

Another milestone came in 1969 when Citibank became the first American bank to establish a presence in Jersey.

No analysis of Jersey's finance industry would be complete without mentioning Colin Powell CBE, who was appointed to the position of Economic Advisor to the States of Jersey in 1969. Those who remember the late Colin Powell will remember his extraordinary memory, keen wit and charming nature. Colin devoted five decades of his life to Jersey's Government and was appointed, in 1999, as the Chair of the Jersey Financial Services Commission (JFSC).

The next two decades saw further legislative attention devoted to financial services as the value of the industry to Jersey's economy and community became increasingly apparent.

Above: Saint Helier. By Vadim Nefedoff © Shutterstock

Top right: St Helier Old Harbour showing commercial buildings and Fort Regent. Courtesy Jersey Heritage

Castle Street, St Helier, Jersey.
By Gary Le Feuvre © Shutterstock

Colin Powell. Image courtesy of Government of Jersey

Jersey became the first jurisdiction in the world to bring trust and company service providers within a regulatory regime by passing the Jersey Trust Law in 1984.

The 1990s saw an impressive growth in the size of the industry as bank deposits increased from £45 billion in 1991 to £122 billion by 2001. Over the same period the value of investment trusts in Jersey increased from £7 billion to £95 billion.

The increasing size and importance of the finance industry led to the States Assembly establishing the Jersey Financial Services Commission (JFSC) in 1998 and, in 2001, establishing Jersey Finance.

Over the last 20 years, Jersey Finance has provided an invaluable service promoting our local finance industry overseas. They now have offices in Dubai, Hong Kong, Shanghai, London and New York and a global network of contacts to promote our most important industry both locally and overseas.

Further government efforts during the early 2000s included a streamlined regulatory regime and the signing of a number of bilateral tax information exchange agreements with other jurisdictions. This work has been further built on by the Government and the JFSC to enhance the reputation of our Island as a well-regulated and transparent jurisdiction. Jersey was amongst the first international finance centres to be placed on the OECD 'white list' as a jurisdiction committed to improving transparency with internationally agreed tax standards and next year will mark the 10-year anniversary of our membership of MONEYVAL.

The significance of financial services on Jersey's prosperity is well summarised in Balleine's *History of Jersey* which pronounces that 'without doubt the most dramatic influence' on Jersey since 1960 'has been the growth of the finance industry and the Island's growing reputation as an international offshore finance centre of world renown'.

Most recently, the Government has worked closely with the industry during the COVID-19 pandemic. Readers will be familiar with the efforts companies have made in a number of sectors over the past year to ensure their work could continue. As I said in my preface to last year's edition of *Jersey ~ First for Finance*, I have been incredibly proud of the way in which local businesses have risen to the challenge posed by COVID, adapting their working practices, innovating and continuing to deliver for their clients and their employees. This has been particularly true in the finance sector and Jersey Finance has worked closely with other groups including the Chamber of Commerce, Jersey Business, the IoD and Government to support the industry throughout the pandemic.

As we look ahead to the challenges beyond COVID the Government is resolved to continuing to engage with the financial services sector on a range of issues. The sector's digital transformation is buttressed by the Government's commitment to enhancing our digital infrastructure. Jersey Finance's work alongside Digital Jersey and the Digital Academy is an important part of the sector's evolution as one of the premier fintech centres in the world.

This is just one of the exciting areas where financial services continue to evolve in Jersey and this edition of *Jersey ~ First for Finance* details many more.

The Government is committed to working alongside Jersey Finance and other industry representatives to evolve the sector in a positive and sustainable way. Our Island is well placed to seize the opportunities emerging in the post-pandemic environment precisely because of the strong foundations developed over the past six decades. As we look back at how far we have come in the last six decades, this edition also offers an opportune moment to look ahead at what the future holds for financial services in Jersey.

SENATOR JOHN LE FONDRÉ

Senator John Le Fondré, Chief Minister, Government of Jersey.

Senator John Le Fondré has served as the Chief Minister of Jersey since June 2018.

Fluent in French, he worked as a Chartered Accountant, in both Jersey and Luxembourg before being elected to the States Assembly in 2005.

Foreword

SENATOR IAN GORST, MINISTER FOR EXTERNAL RELATIONS AND FINANCIAL SERVICES, GOVERNMENT OF JERSEY

I am very pleased to contribute to this special edition of Jersey ~ First for Finance, celebrating our Island's 60th anniversary as an international finance centre.

The development of Jersey's financial services industry over the past six decades is the achievement of generations of Island families and one in which we should take collective pride. Our combined success in developing one of the most respected financial centres, offering world class services to clients across the globe, has seen our community enjoy unprecedented prosperity and created numerous new opportunities for individuals and families in Jersey.

The industry has been made both by people born in Jersey, whose roots stretch back generations and by those who have chosen to make Jersey their home. It has developed from an industry focused mainly on business with the UK and Europe, to one which is now truly global. Indeed, its ability to adapt to changing world circumstances, whether that be meeting client expectations for new products or the requirements of an evolving regulatory environment, is a key reason for the longevity and success of the industry.

In all walks of life, it is necessary to change in order to remain strong and Jersey is fortunate that it has been able to demonstrate such flexibility throughout the history of its economy. This has been epitomised by our financial services industry over the past 60 years, so that the sector has grown to become the bedrock of Jersey's economy.

Even those members of our community who may feel they have no direct connection with the industry will have benefitted from the improved public services, greater connectivity and wider economic prosperity that is facilitated by the presence of a strong finance industry which contributes 40% of the Island's GVA. For anyone still in doubt, the past 18 months have demonstrated, in crystal clear terms, the importance of financial services to our Island community.

In facing the greatest economic challenge since the Second World War, the financial services industry has kept driving Jersey's economy forward. The support provided to other sectors – and to charities – would not have been possible to the same extent without the existence of the finance industry. Similarly, our ability to recover quickly has been greatly aided by an economy which is underpinned by a successful and stable finance industry.

By gerasimov foto © Shutterstock

Indeed, Jersey's long-term well-being, be that economic or social, is fundamentally intertwined with the success of financial services. So long as I remain in political life, those working in the industry will always have a champion in Government.

There is no question that Jersey in general – and the finance industry in particular – face challenges in the years and decades to come. The demand for increased public spending is constant, the prospect of significant national debt for the first time in our history is real and our social challenges – including population, housing, education and the availability of labour – are not going to disappear by being ignored. They will require Government action, support and investment but this cannot be at the wider and ultimately more costly expense of undermining our competitiveness as an economy.

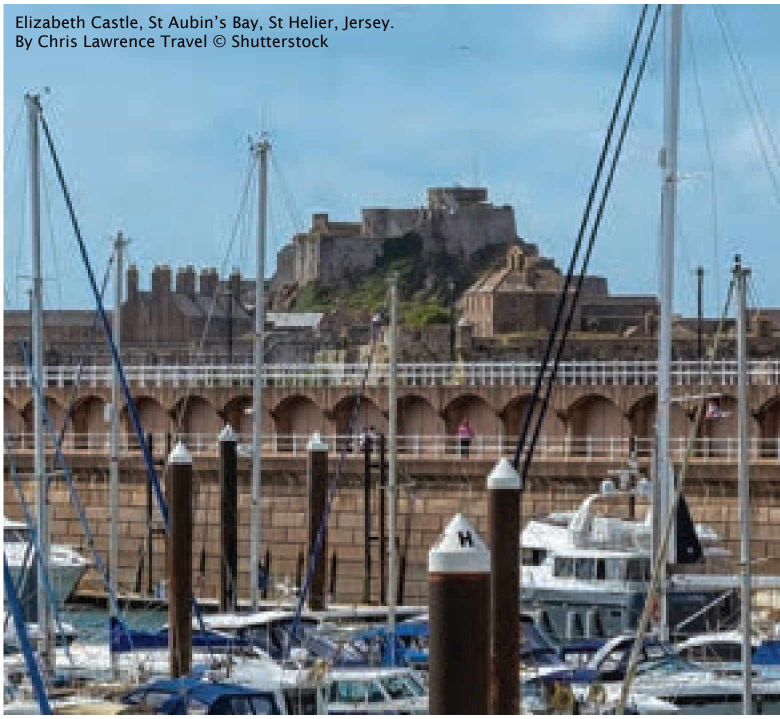
It is in the interest of the finance industry that we address these social challenges – ensuring the future needs of our economy are met. To take just one example, the future of the industry is not served by many of our young people feeling they must leave the Island to achieve the objective of owning their own home. Just as the industry was developed by a combination of people born in Jersey and those who have made the Island their home, so it must continue in the future.

Government must remain an enabler for a prosperous and competitive industry – ensuring the business environment in Jersey is conducive to new ideas, entrepreneurship, creativity, sustainability and growth. I am clear that this approach is key. Concurrently, we must protect the long-term interests of the industry by ensuring we are at the forefront of tackling the risks of financial crime.

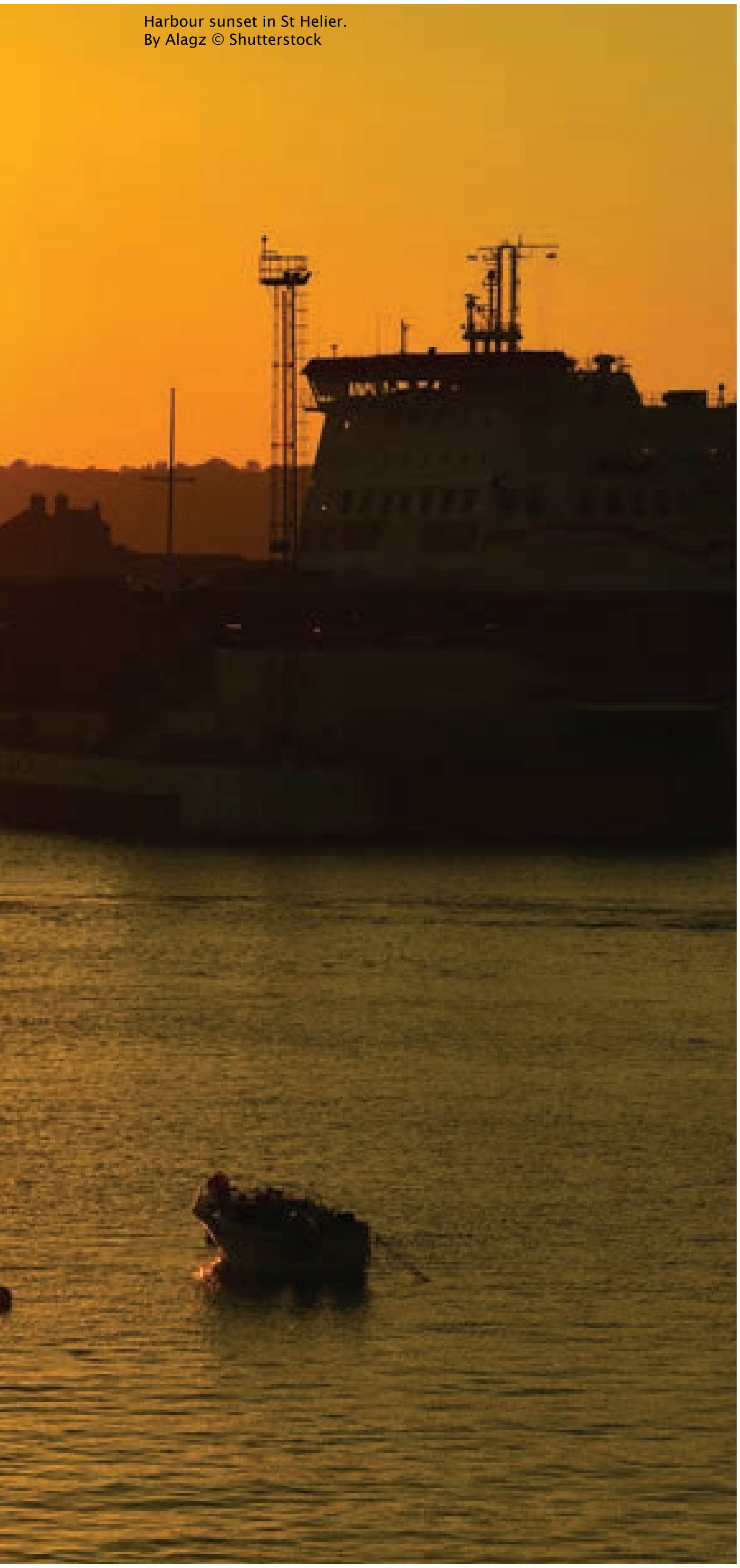
Jersey's financial services industry has always been served well by this approach and it will continue to position us as an international finance centre that serves clients well for the next 60 years.

For my part, I want Jersey to be – and seen to be – both the best regulated international finance centre in the world and one where business can be conducted in a quick, straightforward and customer-focused manner. We must maintain our competitiveness and will always have opportunities to improve. Yet I know that readers of this publication will appreciate that you cannot be competitive without the continued confidence and trust of the wider international community.

We will achieve our objectives for the future together by setting the right overall framework and strategy for the future of the industry. That work has been underway throughout 2021 and following further engagement across the industry, we will publish an updated strategy before the end of 2021.
We have embarked on an ambitious legislative programme this year and much of that has, or will soon, come to fruition. Proposals this year have included the strengthening of our funds regime – a sector of the industry that has seen greatly encouraging growth and development in recent years. We have made amendments to the Proceeds of Crime Law to recognise the proceeds of lawful cannabis activity, where it takes place in jurisdictions with an internationally recognised financial crime prevention framework. We are also consulting on pensions regulation – demonstrating again that our work equally protects and benefits local people who may not feel they have a direct link to the industry. The maintenance of an



Elizabeth Castle, St Aubin's Bay, St Helier, Jersey.
By Chris Lawrence Travel © Shutterstock



Harbour sunset in St Helier.
By Alagz © Shutterstock

up-to-date legislative base is, of course, an ongoing project and Government will always be ready to respond to market developments.

Jersey also has an ambitious green finance vision. As a leading international finance centre, managing more than £1 trillion of assets, we are committed to greening the financial ecosystem. Jersey can play a significant role in mobilising global capital to meet the goals of the Paris Agreement on Climate Change and unlock the trillions which will drive the transition to carbon net zero. This work corresponds with Jersey's wider target of becoming carbon neutral and shows how the industry is central to allowing Jersey to play its part in meeting this most serious of global challenges. There is both commercial and moral value in this work and we are fully committed to acting as a champion of green and sustainable finance.

In closing, I wish to recognise the excellent work undertaken by Jersey Finance in representing the industry within Jersey and across the globe. I greatly value the positive relationship and engagement I enjoy with Jersey Finance, its Board and many Member firms. The ability to maintain open and clear dialogue between industry, government and the regulator, is a key reason for our success over the past 60 years and it must – and will – underpin our work in the future.

I am optimistic for Jersey's future as an international finance centre. We have the expertise, products and environment that are conducive to success. Working together, we will meet the challenges of the future and continue to serve both our own community and the global economy in which we operate.

SENATOR IAN GORST

Senator Ian Gorst, Minister for External Relations and Financial Services, Government of Jersey.

Ian was first elected to the States of Jersey in 2005 and from 2008 to 2011, served as Minister for Social Security.

Elected as Jersey's third Chief Minister in November 2011, he was subsequently re-elected in November 2014. He became Minister for External Relations in June 2018.

An accountant with significant experience in private client, private equity and retail fund sectors, he has also served as Chairman of the Jersey Overseas Aid Commission and acted as an Assistant Minister in both the Chief Minister's Department and in the Treasury Department prior to becoming a Minister. He is also an Honorary Fellow of UNICEF UK.

Introduction

JOE MOYNIHAN, CHIEF EXECUTIVE, JERSEY FINANCE

Sixty years is clearly a milestone in the development of the Jersey finance industry and I am delighted we can celebrate in this special edition of Jersey ~ First for Finance.

I hope that the many thoughts and opinions of our guest contributors will help in understanding why Jersey has been such an attractive jurisdiction of choice to international investors for so many years.

The appeal of political and economic stability has always been a constant alongside the inherent skills within the jurisdiction's workforce, which has for many years numbered more than 13,500. The strength of our regulation, our ability to cooperate with the authorities in other nations and our resilience during periods of change or upheaval, all play their part in why Jersey is where it is today.

'MINI' MILESTONES

While the 60-year mark is unquestionably a milestone, when you look back, it is possible to identify a whole series of 'mini' milestones in our evolution. They started in 1961, when the beginnings of the modern finance industry were established following legislative changes that encouraged international banking and the first merchant bank to set up an office in the jurisdiction to provide services to international clients that year. While the industry's prime focus in the early years was the provision of international banking services to expatriates, as these expanded the opportunity arose for Jersey to also be regarded as a safe and stable location for trust services. By 1970 the amount of deposits in Island banks were numbered in the millions.

I doubt those finance industry pioneers decades ago would have anticipated that by 2021 there would be 30,000 trusts administered in Jersey with assets exceeding £600 billion* while banking deposits would have surpassed the £127 billion mark.

In 1984, more legislation followed when the statutory trust law was introduced, a truly groundbreaking legislative development which was so effective that it became the blueprint for legislative development in other locations. Innovation continued with the introduction of a comprehensive supervisory system for trust business in 2000.

One of the features that has kept Jersey at the forefront of global finance has been its ability to adapt to meet market requirements. It did so again in 2004 when the introduction of a streamlined regulatory system for funds, already a key pillar of our offering, broadened our appeal and was essentially the

Liberation Square, St Helier. By Gary Le Feuvre © Shutterstock

Below: City of London Dragon. By cktravels.com © Shutterstock

Bottom: The Economy and Finance Ministers' Meeting held in Venice, 9th and 10th of July 2021 saw G20 Ministers and Governors have a very fruitful exchange of views on support to most vulnerable countries, international taxation matters and financial sector issues, including sustainable finance. The Summit of the G20 Heads of State and Government will be held in Rome on 30th and 31st of October 2021. Ministers of Economy and Finance are traditionally invited to attend the event. Courtesy of The Delegation for the Italian G20 Presidency - www.g20.org

catalyst for Jersey to attract increasing amounts of alternative funds business, especially in the private equity and real estate markets, a trend that has never deviated.

Today we have record levels of alternative funds business which regularly increases every quarter and at the time of going to press was above £430 billion*.

Another feature of this period was the global expansion of financial services in emerging markets, which required further investment in time and resources by Jersey to meet the increasing global demand for the services in which we specialised.

About this time also, in 2001 when competition between international finance centres (IFCs) was intensifying, Jersey Finance was established to act as the promotional body for the industry in Jersey and defend its reputation. Within a year, we had undertaken our first conference to showcase our services in London and with the wealth markets in the East making great strides, we began to enhance our international footprint to support our industry's growth. Since those times, while not neglecting the City of London, which remains our most important strategic partner, Jersey Finance has led a series of visits to key markets and expanded our presence through a network of overseas offices in the Gulf, the Far East and the US.

Product innovation continued apace and in more recent times, the Jersey Private Fund has further streamlined our offering to the global funds community. Trust regulations were enhanced on a number of occasions to meet client needs and foundations were added to the statute. This, alongside the Charities (Jersey) Law 2014, which was subsequently expanded in 2018, has encouraged and supported philanthropic endeavours among international investors.

EDUCATE

There have been many challenges on our journey, not least the requirement to educate many Western governments and influencers about the value that jurisdictions such as Jersey bring to economies and to counter the entirely inaccurate claim that leading offshore locations were being used for tax evasion or avoidance and were a drain on major Western economies.

To do so, we embarked on a series of independent studies that challenged that assertion and backed up the value of our contribution to global markets through an analysis of the work we do. The most telling research was when we demonstrated that Jersey provided £0.5 trillion of inward investment into the UK and supported around 250,000 British jobs, while similar research showed the value of Jersey's contribution to the EU also**. Further studies have followed to illustrate Jersey's positive contribution through its banking, wealth management and funds expertise.

Global standard setters have also been regular visitors to our shores, assessing our regulatory and legislative armoury and producing reports endorsing our efforts. The IMF, OECD and EU have all endorsed Jersey's credentials as a top IFC. Perhaps the most significant independent endorsements of the quality of our regulation were delivered in 2016 by MONEYVAL (a Council of Europe body) and from ECOFIN, the EU Finance Ministers, in 2019, where we were included among cooperative jurisdictions – key milestones in our efforts to be appreciated for the quality and probity of our jurisdiction.

RESILIENCE

The industry's resilience has been especially demonstrated by our response to the horrendous COVID-19 epidemic, which at the time of writing, continues to have its impact on communities around the globe. Technology enhancements were successfully introduced across the jurisdiction to ensure that we, as an industry, could continue to effectively provide high levels of service, expertise and delivery. Our Jersey Finance team adapted their output so that we could run a series of highly successful 'virtual' events during the course of 2020 and into 2021 as we navigated this uncertain period with everyone else.

EVOLUTION

One certainty is that, despite the recent dramatic events, the industry will not stand still and we expect further evolution of our service offering. For example, the OECD – with the likely support of the G20 – is proposing to introduce a new minimum global corporate tax rate. Jersey's government has signed up to these proposals which are directed at the tax affairs of multinationals and high-tech giants which are not a significant feature of Jersey's business model, where the industry focus has been consistently on providing banking, funds and private wealth services.

Nevertheless, if an agreement is reached on this globally, we are well placed to adapt again, enabling us to continue to offer the stable, well-regulated and innovative commercial environment that attracts cross-border investment, the driver of our industry's success for six decades.

THEMES TO EXPLORE

One noticeable outcome from the pandemic has been that environmental, social and governance (ESG) matters have come into sharper focus. Already a priority within the financial markets, the move to embrace ESG principles has accelerated and, as a result, the international investment community are changing their strategies to reflect these priorities.

This year Jersey launched a new sustainable finance strategy designed to ensure we can position ourselves as a leading sustainable IFC. There is more written on this theme later in this special edition of *Jersey ~ First for Finance.*

In fact, many of the themes and developments that I have touched upon here will be covered in more depth in the pages that follow as we review and outline the unique tapestry that has come together through the decades to deliver the Jersey finance industry that we know today. In addition to a collection of influential contributors on different aspects of the industry and special introductions from the Lord Mayor of the City of London, the Right Honourable William Russell; Air Chief Marshal, Sir Stephen Dalton, GCB, ADC, Jersey's Lieutenant Governor; our Chief Minister, Senator John Le Fondre and External Relations and Financial Services Minister, Senator Ian Gorst, we asked leading industry figures for their personal reflections on the success of the first 60 years and their views on the challenges and opportunities ahead for our jurisdiction.

On behalf of Jersey Finance, I would like to thank all the contributors who have made this edition possible. I hope you can find the time to explore some of these articles, which, while reflecting on the success of those 60 years, will look at what the future might hold in more detail in the knowledge that Jersey remains well-placed to be the jurisdiction of choice for international investors and their advisers in the years ahead, as we continue to work hard to remain competitive, innovative and maintain high standards.

*Figures from the Jersey Financial Services Commission
** Capital Economics research

JOE MOYNIHAN

Joe Moynihan, Chief Executive, Jersey Finance.

With a career in financial services spanning four decades, Joe has a strong commitment to the future success of the industry in Jersey.

Joe commenced his professional life in the banking sector, rising to the position of CEO of Jersey and the Isle of Man for a major bank, which included responsibilities for trusts and investments. In recent years, he expanded his focus as Director of Financial Services within the Government of Jersey, where he worked closely with industry and the regulator to ensure the Island's position as a leading international finance centre.

Before joining Jersey Finance in February 2019, Joe was working to establish high-reputation regulatory frameworks and business models for IFCs in the Middle East and Africa.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Outlook

BY NINA SKERO

The main force shaping countries' economic trajectories for the past 18 months has been the COVID-19 pandemic. While 2020 was marked by a cycle of lockdowns, re-openings and general uncertainty, there are currently more reasons for optimism. Vaccine rollout is progressing across much of the world, although access to inoculations remains a concern in developing countries, while testing and treatment options continue to improve.

While certain parts of everyday life – such as international travel – remain disrupted, an increasing share of the world is returning to something close to normal and economies are shifting from crisis to recovery mode.

Based on the latest insights and analyses we provide at Cebr by monitoring economic trends on a daily basis, we think there are three crucial areas to watch as the post-COVID economic recovery takes hold – inflation, digitalisation and productivity.

Before exploring these in more detail, it is useful to outline our expectations for the shape and pace of the recovery in different parts of the world.

MACROECONOMIC OUTLOOK

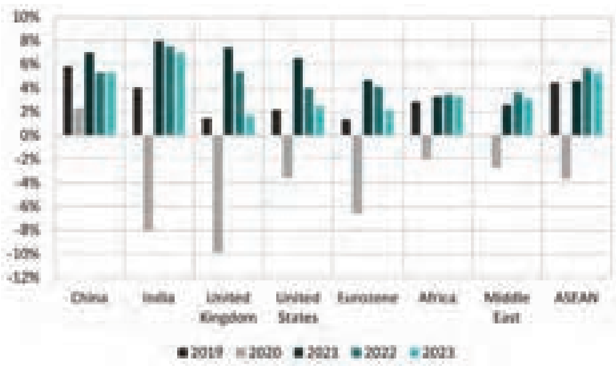
Cebr expects world GDP to expand 5.5% in 2021 after a 3.3% contraction the year before. However, the headline figures mask a varied regional and country-level performance.

The UK's macroeconomic outlook is especially important for Jersey's own projected performance, given the many interlinkages between the two economies. In 2020, UK GDP contracted more than in most major economies – by 9.8%.

Thanks to high vaccine uptake rates and the lifting of most restrictions, this year's bounce back is expected to stand at a strong 7.4%. One factor supporting growth is a rebound in consumer expenditure, fuelled by rising confidence,

By Soloma © Shutterstock

GDP for select countries and regions, year-on-year % change



Source: IMF, Cebr forecasts September 2021

accumulated savings and strengthened worker bargaining power in terms of wages.

Turning to the Eurozone, the bloc emerged from its double-dip recession with GDP growth of 2.0% in Q2 2021, surpassing expectations and raising hopes for the future trajectory of the recovery. Recent labour market data provides further reason for optimism with the unemployment rate trending downwards over the summer. Cebr expects both 2021 and 2022 to see robust rates of growth at 4.6% and 4.1%, respectively, before moderating down to around 2% in 2023.

In the US, where output contracted 3.5% in 2020, the economy has recovered to its pre-pandemic size with GDP in the second quarter of 2021 standing 0.8% above the Q4 2019 level. After initially being one of the world leaders in vaccine uptake, the rate of vaccinations in the US has since slowed down. Vaccine hesitancy could prove a problem for the US economy as COVID-19 cases have been on the rise since July. Any future lockdown impositions to curtail the spread of the virus are likely to put a large dent in the US' economic recovery. Still, robust consumer spending and a strengthening labour market lead us to expect growth of 6.5% in 2021 and 4.0% the year after.

China stood out from other major economies in 2020 by managing to avoid a year-on-year contraction. This is largely explained by the country's strict initial lockdown and diligent border controls which meant that large segments of the economy were able to return to normal levels of output much sooner than elsewhere. Still, Cebr recently downgraded its expectations for near term GDP performance (7.0% in 2021) as slower than expected Q2 growth, high commodity prices and a recent resurgence in COVID-19 cases point to a faltering growth momentum.

While economies around the world are progressing along the recovery path in unique ways, there is also a shared set of features that are evident across different geographies, including those such as the UK and Europe with the closest links to Jersey. In the rest of the outlook piece, we focus on a few of these areas, specifically inflation and digitalisation, as well as the impact on productivity.

INFLATION

The combination of a rapid pick up in demand and various supply shortages has led to inflationary pressures across the UK

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and Europe. In August, annual inflation in the Eurozone stood at 3.0% - up from 2.2% in July and the highest reading in nearly a decade.

In the UK, price growth as measured by the Consumer Price Index (CPI) stood at 2.5% in June, before falling back to 2.0% in July. We expect this drop to prove temporary and for inflation to average close to 4% over the final quarter of the year. Looking at specific categories, such as hospitality and food shows rates of inflation notably above the headline rate.

Higher inflation, along with other factors such as changing consumer preferences post-COVID, is putting upward pressure on wages. Average total pay is rising at a record pace and although compositional and base effects are somewhat inflating the figure, there is abundant anecdotal and survey evidence which points to rapidly increasing employee costs.

Most forecasters, including Cebr, expect inflationary pressures to prove transient as supply catches up with demand. However, should price rises continue to accelerate central banks may be inclined to intervene with higher interest rates in the coming months.

DIGITALISATION

Accelerated digitalisation is unarguably one of the most visible consequences of the pandemic. Business meetings, conferences, government services, medical appointments, academic lessons and many more previously in person activities have been brought online over the past 18 months as governments, businesses and individuals tried to reduce the number of face-to-face interactions while still getting on with their lives.

While some of these activities will gradually come back offline either partially or entirely as the last of the restrictions are eased, others have been impacted permanently. Among the areas that are changed for the long term are working practices, the provision of services and the utilisation of big data.

The increased focus on the role of technology and an expected uplift in investment, are set to produce tangible economic gains via various channels. Cebr's work on the topic suggests that COVID-accelerated digitalisation could add 6.9% or £232 billion to UK economic output alone by 2040.

The scale of the uplift could be even greater in regions such as Africa and parts of Asia, where the existing level of digitalisation is lower and there is greater scope for catch-up growth.

PRODUCTIVITY

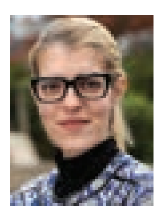
Higher inflation and accelerated digitalisation both have the potential to nudge businesses into making the types of investment necessary to minimise the dependence on lower productivity jobs. The UK and Europe have quite a bit of scope for this sort of transformation, as it has not already taken place to the extent seen in other economies, such as Japan.

The link between productivity-boosting investment and higher inflation is a somewhat messy one. Businesses facing higher input costs can only pass so much of that extra cost on to customers. Hence, to protect profit margins businesses have an incentive to reduce their costs of production. With labour becoming more expensive, the way to do so will be via investment in productivity-boosting technology.

On the other hand, if inflation continues to accelerate, interest rates will likely rise, becoming a deterring factor for investment. However, we expect interest rates to stay at or near historic lows as policy makers tolerate what is seen as a temporary bout of higher price rises.

This incentive to invest in productivity-boosting technology combined with the COVID-accelerated digitalisation has the potential to raise economic growth across the world, providing a much-needed silver lining after what has been an exceptionally difficult period for many businesses, households and economies as a whole.

NINA SKERO



Nina Skero, Chief Executive, Centre for Economics and Business Research (Cebr).

Nina is the Chief Executive of Cebr, a leading economics consultancy based in London. She is a macroeconomist, regularly producing forecasts and providing commentary on UK and global macro developments. She is a contributor to Cebr's annual World Economic League Table (WELT) and leads the company's research across a variety of sectors. She regularly provides commentary for the national and international media and often presents her research at public events around the world.

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Building on a 60-year platform of achievement

BY JASON LAITY

While we are proud to recognise this important anniversary year, our industry will not be complacent and knows it must build on the strengths of the first 60 years to ensure we remain among the leading international financial centres (IFCs) for many more years to come.

Jersey's finance industry has maintained and enhanced its status by ensuring that, whenever possible, it has adapted and evolved to meet the changing landscape of global finance. In the past, we achieved this by understanding where the market was heading and adjusting our products and services so that we worked in tandem with the demands of the international investment community, while also fully respecting existing and

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emerging regulatory standards. In the future, we will need to do the same.

Our minds will be focused on four areas that have served us well to date; namely our resilience as a jurisdiction and our respectfulness of regulatory standards, our connectivity to the rest of the world alongside a willingness to invest in technology, the attractiveness of our jurisdiction as being politically and economically stable and our focus on responding to investors changing priorities, for example environment, social and governance (ESG) concerns. Our response to these factors in the short and long term will be the cornerstone to a successful future.

Our priorities in the months and years ahead are to continue with our focus on regulatory excellence, continue to invest in technology and innovation and to fulfil our ambition as an IFC that drives positive change in both local and global communities.

FORWARD THINKING

The key accelerant during the last 18 months has been the impact of COVID-19 and within the financial services industry, the most obvious shift has been in the use of technology to facilitate how we interact with each other and how we transact business. There is no better example of Jersey's forward-thinking approach to its finance industry than its reaction to the pandemic last year.

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First of all, both our Member firms and our 13,500 strong workforce adapted quickly to the circumstances, continuing to deliver high-quality services, whether working from home or in the office, using technology solutions wherever possible. Underpinning this response was the investment many years earlier by the Government of Jersey in the Island's IT infrastructure, including high-speed fibre connectivity to every household and office across the Island. The speed and resilience of our connectivity has been truly tested and we passed with flying colours.

More recently, conscious also of the increasing application of artificial intelligence and other technologies in the financial services, we have brought different industry bodies together through 'Jersey for Fintech' – a unified vision of the Island's fintech ambitions and a platform to ensure that Jersey remains an ideal location for fintech firms to flourish and for financial services firms to utilise fintech. Fintech has the potential to be a core differentiator for Jersey in supporting investors in this new environment where robust and resilient connectivity will be critical to remote investor supply chains.

NEW THINKING

Meanwhile, alongside the pace of change in IT innovation, the industry is responding to the global shift towards new priorities, leading to ESG principles becoming embedded in firms' processes.

Furthermore, with the impact of a very noticeable climate change now bringing governments together to find methods to reduce the carbon we unleash into the atmosphere, these 'green' inspired trends in business and finance are set to be embedded in the way we all work in the future, while IFCs – always under close scrutiny – will be evaluated in future through an ESG lens. Fund managers are already bringing ESG factors into their assessments in their choice of domicile, while the next generation of investors have made it clear that their priorities will reflect this new thinking.

Jersey believes that, with its many years of experience in channelling capital effectively, its role will become ever more important in facilitating both foreign direct investment across the globe and in meeting expanding philanthropic ambitions into projects designed to make a positive difference to our world. At Jersey Finance, we have embraced this enhanced ESG agenda already and are in the process of implementing a new 10-year strategy and long-term vision to position Jersey as a global leader in sustainable finance by 2030.

At the same time, we are entering a period of rapid change among the ultra high net worth community. According to Cerulli Associates, the great wealth transfer from older UHNWs to Generation X and Millennials in the US will see as much as US$68 trillion changing hands over the next 25 years, while our own study in association with the publisher Hubbis in Asia, showed that 69% of respondents indicated that between a quarter and three quarters of the NextGen financial investment portfolios will be centred on ethical, impactful or ESG investments.

In the years ahead, it will not only be the way we transact business and the IT platforms that support it that will change but client thinking will also evolve and IFCs such as Jersey must anticipate and understand those sentiments and ensure its own credentials remain attractive.

QUALITY

Regulatory standards will continue to be enhanced and will inevitably lead to greater levels of transparency and an increased compliance burden. The IFCs that thrive in that environment will be the ones that remain focused on keeping up with those changes and embracing them. Jersey has been historically quick to respond and has, for example, implemented 'economic substance' laws, while making improvements to its beneficial ownership reporting among other things. Our Government's willingness to engage with and cooperate with standard setting authorities helps us to remain in the top tier of jurisdictions for the quality of our regulatory regime when assessments take place by supervisory organisations such as the Council of Europe's MONEYVAL and the Financial Action Task Force (FATF).

At this time, there is a concerted effort by western governments led by the OECD to revise the global taxation system so that certain types of companies are not able to 'shop around' to find the lowest tax rate for their profits. The introduction of a global minimum rate of corporate tax as currently contemplated, should it arise, is not a barrier to our future effectiveness as an IFC and we are confident that we will adapt to any new taxation rules, as we have done in the past. Jersey has always punched above its weight in this regard and has been agile and innovative enough to design and implement robust regulatory and legislative regimes that are the hallmark of its offering and more than stand up to international scrutiny. We have no intention of changing this approach that has served us so well in the past.

GLOBAL REACH

We can expect the growth in new markets to continue, especially the well-documented shift in wealth from the West to the East. To play a leading role in that new environment, IFCs will need both an international footprint and the capability to raise awareness and promote the expertise of their jurisdiction to an ever-increasing range of clients in overseas markets such as the Gulf, the US, Africa and the Far East.

JURISDICTION OF CHOICE

Within this evolving environment, there are factors that will remain fixed. Investors will continue to want a stable jurisdiction, that is both resilient but nimble enough to react to changes, innovating where opportunities arise and always forward thinking. A tried and tested legal and regulatory environment will remain essential. International investors will continue to look for specialist expertise, high-quality service levels and an understanding of key global markets and how to connect effectively with them. Jersey ticks all those boxes and the quality of the people within its financial services industry means it has the momentum to remain a jurisdiction of choice in the years ahead.

JASON LAITY

Jason Laity, Chairman, Jersey Finance.

Jason was appointed Chairman of Jersey Finance Ltd on 1st December 2020, having spent his business career in Jersey. He was Senior Partner and Chairman of KPMG in the Channel Islands until 30th September 2019. He is a Chartered Accountant, a Chartered Tax Adviser and an Accounting Technician. He has extensive experience of the financial services industry in Jersey, significant leadership and board level experience and has participated in or led a wide variety of engagements in the financial services and other sectors in his career. Jason has been Chairman of the local branch of the Institute of Directors and a Governor of Victoria College. He is also currently a trustee of the Jersey Employment Trust and holds other non-executive director positions. He has a keen interest in technology and spent a significant part of 2020 assisting Digital Jersey Limited further their fintech roadmap for the Island.

A future built on sustainable finance

BY DAVID POSTLETHWAITE AND ANDREW MITCHELL

There is no doubt that the experience of the pandemic and ambitions to 'build back better' have put sustainable finance firmly in the spotlight over the past year.

At both an industry and governmental level, there has been a real acceleration over recent months in thinking around sustainable finance. The UK, for instance, is on a targeted transition to net zero carbon emissions by 2050 with private capital expected to play a key part in realising that goal in line with the work of the COP26 Finance Hub, led by Mark Carney. Chancellor Rishi Sunak also announced plans in his budget earlier this year to make £15 billion of green bonds available to investors. While the UK will mandate climate reporting for all financial institutions by 2025. Jersey's government too has set itself an ambitious target of making the Island carbon neutral by 2030.

Meanwhile, we have seen an explosion in ESG investing opportunities in the past 12 months, complemented by new supporting tools and evaluation services coming to market to support those ambitions. Analysis from S&P Global Market Intelligence found that during the pandemic, ESG funds were found to have achieved gains of up to 20%, outperforming traditional funds. It is a long-term trend too – according to research from Deutsche Bank, ESG assets are likely to increase exponentially in the coming year to surpass US$100 trillion by 2028. This is all significant because access to green and sustainable investment opportunities is no longer something reserved for the privileged professional investor – it is reflective

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of a mindset where sustainability as an issue has moved increasingly into mainstream public consciousness.

The global shift towards a greener, more inclusive economy is gathering pace. Investors are no longer focused solely on returns and the international finance industry – from institutional asset owners, to alternatives managers, to the administrators and professionals who service those assets – is having to respond like never before to meet the growing demand for portfolios to reflect purpose, through improvements in environmental, social and governance standards.

CATALYST

The reality is that although the pandemic has been a catalyst for thinking in this space, sustainable finance has been on a journey of evolution for some time. Informed by frameworks like the UN's Sustainable Development Goals (SDGs), the focus has grown increasingly over a number of years on how rewiring the financial system can help accelerate solutions to a wide range of complex, interconnected global issues – from biodiversity loss and climate change to inequality and poverty.

Even before the pandemic, between 2016 and 2018, the value of sustainable investment assets managed globally grew 34% to more than $30 trillion (Global Sustainable Investment Alliance's Review 2018). It was against this backdrop that Jersey Finance undertook a significant piece of work in 2020 with Equilibrium Futures to help the Island's finance industry respond to the long-term risks and opportunities presented by the evolution of sustainable finance.

Jersey already had a good story to tell in this space with the industry facilitating billions of pounds of investment into impact and ESG funds. Firms had already started to integrate ESG standards into their business models and adapt their client offering to respond to changing demands, while we had also seen the emergence of a number of large Jersey-based alternative fund structures deploying much-needed capital into areas such as renewable energy. However, prompted by factors such as emerging regulation in key markets and the mainstreaming of ESG into financial decision making, Jersey recognised that a formal, robust framework that could help propel Jersey to the forefront of the sustainable finance arena was desirable.

STRATEGIC PLAN

The fruit of that comprehensive piece of work was unveiled in early 2021 in conjunction with a new report and a long-term strategic plan entitled 'Jersey for Good: A Sustainable Future', which recognised the responsibility of Jersey's finance industry to support the global transition to a more sustainable future and made the case for catalysing the industry's transformation around a common strategy shared by all key stakeholders. Setting out a vision and a number of objectives for where Jersey intends to be by 2030, the report included an initial two-year 'pathway' to deliver on those objectives.

Collaboration, communication and upskilling were at the heart of that pathway, with the ultimate vision that 'by 2030, Jersey will be recognised by its clients, key stakeholders and other partners as the leading sustainable international finance centre in the markets it serves'. This ambitious goal rests on the ability of Jersey to demonstrate genuine credentials in sustainable finance.

The report and strategic plan make a number of key recommendations including:

Building strong stakeholder partnerships both locally and internationally

To ensure that each sector within Jersey's finance industry has the tools to integrate sustainability within a joined-up policy framework, aligned with global standards. Above all, the strategy recognises that Jersey as an Island needs to walk the talk.

Delivering sustainable finance on a green sustainable Island

This requires stronger collaboration alignment between the finance industry, the Jersey Financial Services Commission (JFSC), the Government of Jersey and the people of Jersey on sustainability issues.

To deliver on these recommendations, the initial two-year pathway focuses action around a number of core tasks that are designed to strengthen our foundations as a sustainable finance centre:

- Collaboration, with shared governance and ownership of the strategy, engagement across sectors and increased representation of Jersey within international bodies like the UN-convened Financial Centres for Sustainability (FC4S).
- Deliver awareness and training, to build capacity and ensure we are future-proofing our industry's skills base.
- Encourage product innovation and quality, capitalising on Jersey's track record as a centre of excellence in areas such as governance and fintech.
- Creating an enabling environment, by ensuring Jersey's regulatory framework is robust while setting the right incentives to scale up sustainable finance.
- Communicating action and impact, to ensure that we deliver on our vision in a transparent and credible manner.

A few months on from the launch of the strategy and vision, we are already seeing outputs from the workstreams it recommends and progress in a number of areas. A steering group consisting of key stakeholders has been established and there is greater participation in external bodies and forums to bring together broad and complementary expertise, we are seeing enhanced access to specific training and an enabling regulatory environment is being nurtured.

Further, Jersey's financial regulator (the JFSC) also recently made changes to a number of its Codes of Practice to certified funds and funds service businesses and the Jersey Private Fund

(JPF) Guide, following feedback received from a consultation with the finance industry and key stakeholders aimed at reinforcing the framework for sustainable investments.

Sharing similar aims to the EU's Sustainable Finance Disclosure Regulation (SFDR), these changes will counteract the potential for greenwashing by supporting sustainable finance through a commercially viable disclosure regime – creating the right environment for ESG investments to flourish.

We are also seeing greater symbiotic convergence and integration between Jersey's fintech and sustainable finance sectors. For instance, a number of service providers are tailoring their fund solutions to include new data-driven propositions and developing new tools that deploy the latest technologies to collect, evaluate and report ESG data.

These sustainable finance solutions are seeing strong take up by managers, who are keen to meet both the growing investor demands for transparency on the impact of their portfolios and to streamline their regulatory compliance under emerging frameworks, such as SFDR.

The local policy agenda supporting Jersey's ambitions as a sustainable Island is also moving at pace. Driven by – but independent from the government – a report from a citizens' assembly was published in mid-2021 which made a number of wide-ranging recommendations that would help Jersey meet its 2030 carbon neutral targets – many of which were pertinent to the finance industry and have been taken on board.

ECOSYSTEM

While the landscape for financial services continues to be reshaped by the rise of sustainable finance, leading IFCs that can be nimble and adapt, that have had the foresight to put in place the right frameworks and that are committed to nurturing the right ecosystem, will be the ones that will most readily capture upside opportunities.

Jersey fully intends to be at the forefront of the sustainable finance revolution. The opportunity is clear but more than that, Jersey has a responsibility to leverage its expertise and capital to support the transition to an environmentally and socially sustainable global economy.

The aim is to integrate sustainable finance into everything we do, so that sustainably-motivated lending and investments are the norm in an environment where ESG does not stand alone as a distinct service line but rather underpins our proposition and defines the impact we make as an IFC.

We are under no illusions that to do that, Jersey Finance needs to respond to the speed of change and act now. With a detailed plan to guide us, we are well placed as a jurisdiction to capitalise on Jersey's strengths as we work together to support the growth of sustainable finance and its contribution to environmental and social change.

DAVID POSTLETHWAITE

David Postlethwaite, Sustainable Finance Lead, Jersey Finance.

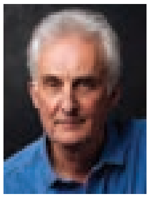
David joined Jersey Finance in December 2017, prior to which he worked as a transactional lawyer in London, Paris and Jersey.

His current role sits within the Strategic Projects team at Jersey Finance, which supports the development of strategic thinking to foster growth and resilience within Jersey's financial services sector.

Working closely with our industry Members, he provides insights and thought leadership that enhance the sector's ability to respond to emerging trends and opportunities.

As Jersey Finance's lead on sustainable finance, he is now helping to build and deploy a new strategy for Jersey, developed in collaboration with industry, key external stakeholders and leading ESG experts. Focused on reinforcing Jersey's capacity and credentials for sustainable finance, this strategy puts the Island on an ambitious course to a position of leadership as a sustainable international finance centre.

ANDREW MITCHELL



Andrew W. Mitchell is an international thought leader on sustainable finance and natural capital.

Founder of Equilibrium Futures, he provides strategic advice on sustainability to the finance sector; he is also Senior Adviser to Global Canopy, a leading provider of data for nature, which he founded in 2001 in Oxford.

He is co-Founder and interim Executive Director to the Taskforce on Nature-related Financial Disclosures (TNFD) and is a senior adviser to several impact investment funds.

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Jersey continues building connections with increasing global capabilities

BY ALLAN WOOD

Jersey has reached its prominent position in key global markets through ample strategic planning and a determination to build relationships.

The Island has been expanding and evolving its international proposition for many years, informed by a strategic vision that was first set out more than a decade ago. That vision was appreciative of shifting global wealth patterns, the rise of growth markets in the East and uptake in financial and digital solutions around the world.

As a result, today, in this milestone year for the industry, our footprint and our reach as an international finance centre (IFC) is truly global. It is estimated that more than 50% of business in Jersey is now attracted from outside Europe, which reinforces our previous decision to enhance our presence in selected key markets and reflects on Jersey's evolution as a centre for facilitating global financial flows.

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Research that has been undertaken on our industry revealed that Jersey firms manage or administer more than £1.3 trillion of assets, originating from and being put to work in markets all over the globe. To support this cross-border investment expertise that Jersey has consistently demonstrated, Jersey Finance has gradually expanded its overseas operation and now has offices in the DIFC in the Gulf region, London, Hong Kong and New York; representation in Africa; and fly-in models to India and China. Jersey's global representation in the world's leading finance centres is truly unique among competitors and has been a further catalyst in attracting business from the key international markets.

CONNECTING

Our business development teams remain active connecting with the international investment community, collaborating ever more closely, working across time zones and showcasing Jersey's global expertise, whilst outlining the positive role we can play both in driving inward investment and supporting investment ambitions abroad.

Despite our widening international footprint, the UK remains our most significant partner where the strong, long-standing relationships between senior finance and legal professionals in the City of London and Jersey service providers should not be underestimated. We work together with City firms and advisers, supporting their growth ambitions, while at the same time facilitating inward and outward investment flows.

The UK outlook has also become far more internationally focused in light of Brexit and – as the UK sets out its stall as a global player outside of the EU – we are seeing increasing workflows across the board, including foundations and other private wealth structures, especially from family offices, through to new fund launches.

GATEWAY

It has been two years since we first opened an office in New York and during that time we have raised awareness of Jersey's capabilities in supporting US fund managers with their European focused capital raising endeavours, acting as a gateway to European markets. We are also seeing our proposition resonate in more diverse areas within the US including corporate structuring, most notably through the rapid growth in special-purpose acquisition companies (SPACs).

We have been able to demonstrate that Jersey offers a compelling proposition for US managers who are seeking a stable, reliable platform to support their European strategies and we continue to evolve our offering.

For example, the move to amend our limited partnership legislation last year to make it easier to migrate structures from other jurisdictions has been a helpful development enabling US managers to move structures more easily from other jurisdictions. US practitioners, as elsewhere in the world, seek jurisdictions that are known to meet high standards of compliance as required by the global standard setters such as the OECD. Jersey's route to market is also well established, our substance rules are in place and we are consistently compliant with international standards of transparency and cooperation. It helps give us the edge.

AFRICAN SPECIALIST

In an exciting move during 2021 we were able to recruit Dr Rufaro Mucheka to bolster our commitment to the African market. A highly experienced wealth management specialist based in Johannesburg, Rufaro is a passionate advocate for the potential development opportunities arising across Africa and I am sure her unique understanding of the African market will help us in further developing relationships across key markets on the African Continent.

Over the coming months – and with the added contribution and insights from Rufaro – we will look to maximise the potential there across Africa's institutional and private investor market, alongside our well-established private wealth platform.

Gate Avenue is the new promenade connecting buildings in the DIFC.
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OPPORTUNITIES

In the Far East we have also strengthened our presence through the appointment of Maria McDermott, a consultant based in Shanghai. In general terms, Asia has been quick to resurface and show signs of good growth in the wake of the pandemic and building on Maria's appointment we are focused on tapping into those opportunities, both in the private wealth and especially funds and corporate sectors.

While the links between Asia and Jersey have traditionally been strong through private wealth structuring, there is a trend for more of these families to set up their own alternative funds and with Jersey's existing strengths, there has been a natural gravitation for Asian fund managers to turn to Jersey as a domicile for alternative investment funds.

EXPERTISE

The Gulf remains a major market for Jersey firms and our level of personnel in this region has also been boosted. Faizal Bhana, Jersey Finance's director for the Middle East, Africa and India, has been joined by An Kelles, who relocated from Hong Kong to Dubai to take up the role of Director in the GCC.

As the private client and family office sector becomes increasingly more sophisticated in the region, Jersey's close commercial ties with key jurisdictions, its robust regulation and the expertise we offer from a wide understanding of client objectives in the Gulf, ensures we continue to drive up recognition for our role in the region. Notably, Jersey's capabilities and expertise in Islamic finance add a particular appeal by providing the necessary framework to support Shariah compliant structures – and not only in the private wealth sector. With a growing interest in private equity and real estate opportunities across the GCC, Jersey's ability to support the regulation of Islamic finance products positions it perfectly. This, alongside Jersey's global distribution capabilities, puts us in a strong position to meet Middle Eastern investors' strategic and global needs.

One of the features of the work of Jersey Finance has been the commissioning of studies and research reports, which help identify trends and the role of IFCs in various global markets. This year, we are undertaking new research designed to shed further light on Shariah-compliant structuring in the private wealth market. More studies are planned, including one that will examine the value that Jersey adds to global investment chains, which I am sure will provide further insight into the positive value Jersey adds to international markets and also illustrate the increasingly broad reach Jersey has around the world.

COLLABORATION

Jersey has not developed into a world class IFC without working in partnership with many stakeholders at home. Alongside the Government of Jersey, the Jersey Financial Services Commission (JFSC), Digital Jersey, Locate Jersey and Jersey Finance Member firms, we have worked hard on a joint strategy to ensure that Jersey has a financial services ecosystem that is well placed for a long and prosperous future as one of the world's leading IFCs.

Collaboration has brought results and Jersey's finance industry has become an increasingly significant cog in the global economy, helping manage and administer in excess of £1.3 trillion of global assets. In these uncertain times, driven by the impact of COVID-19, we are playing our part in helping the world economy move forward, able to channel capital where it is most needed in the world. More than that, Jersey has a responsibility to leverage its expertise and capital to support the transition to an environmentally friendly and socially sustainable global economy, a goal that is gathering momentum at an accelerated rate, as the industry pivots towards greener investments in response to the shifting ambitions of the international investment community.

The recognition we have earned as an award-winning IFC, as a reputable centre for private wealth and fund servicing, as an innovative digital hub and increasingly as a centre of excellence for sustainable finance, is supporting our drive to win new business for Jersey from all over the world.

ALLAN WOOD

Allan Wood, Global Head of Business Development, Jersey Finance.

As Global Head of Business Development, Allan is responsible for overseeing the promotion of Jersey as a leading IFC across key strategic overseas markets including Africa, the Gulf region, Asia, the US and the UK.

Allan joined Jersey Finance as Business Development Director following five years with Barclays International in Jersey. Born in Liverpool, he has over 25 years' financial service experience in Jersey and the UK.

Prior to Jersey Finance, Allan was Vice President and leader of the Jersey International business within Barclays Wealth & Investment Management division. Allan also spent 20 years with Royal Bank of Scotland and has extensive experience managing business units, teams and clients within the international arena. Professionally, he is a member of the Chartered Institute for Securities & Investment (CISI).

An evolving global platform

BY IAIN MILLAR

Jersey's political and economic stability, forward thinking and robust regulatory framework, has set Jersey apart from other international finance centres for 60 years, making Jersey a world leader in all aspects of international finance, evolving over the years to develop a global platform which encompasses funds finance, real estate finance and Islamic finance.

Over a 60-year period change is the law of life and Jersey's regulatory framework has undergone repeated fundamental reform in this period. The year 1961 saw the Income Tax (Jersey) Law being drafted and major banks beginning to establish offshore operations in Jersey in earnest, with Hill Samuel the first merchant bank to arrive. Throughout the period Jersey has continued to enact helpful new regulation but the pace of

La Corbiere Lighthouse, Jersey.
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change has increased markedly throughout and in a little over half a dozen years it has fundamentally overhauled its security regime, its private funds regime and its legislation in relation to limited liability partnerships.

In addition, the Taxation (Companies – Economic Substance) (Jersey) 2019 (the Substance Law) has brought substance requirements to Jersey in order to address concerns that Jersey companies could be used to artificially attract profits that are not commensurate with economic activities and substantial economic presence in Jersey. EU Finance Ministers signalled their approval of the Substance Law by whitelisting Jersey on 12th March 2019 and the Organisation for Economic Cooperation and Development (OECD) followed with their endorsement of the Substance Law later that summer.

The Financial Services (Disclosure and Provision of Information) (Jersey) Law 2020 was introduced to implement the requirements set out by the Financial Action Task Force (FATF) to Jersey. These requirements were to ensure availability of adequate, accurate and timely information in respect of beneficial ownership and control of legal persons or trusts and such beneficial ownership information can now be obtained or accessed in an appropriate fashion by competent authorities.

In the run up to Brexit it is fair to say that informed market observers held different views as to how Brexit would impact the UK and Jersey but there was certainly no shortage of concern about both the implementation of Brexit and its potential impact. In addition to Brexit, the tragic emergence of COVID-19 clearly added significantly to the unpredictability facing the world and clearly no sector (and virtually no individual) has been left unaffected by the pandemic.

We are now over 18 months into living with these twin challenges and despite the tragic cost of the pandemic, Jersey's ability to offer seamless, efficient access to investor markets around the world has ensured that there has certainly not been a crisis in demand for professional services in Jersey. The real estate finance, funds finance and Islamic finance sectors have all proved to be extremely robust in the face of the most significant challenges to face those sectors since the emergence of Jersey as an international finance centre.

Despite the social and economic headwinds and aided by regulatory changes and a clear strategy, figures in the latest Monterey Insight Jersey Fund Report 2020 show that for Jersey's funds industry as a whole, as of 30th June 2020, total net assets stood at US$482.2 billion. This was up 20.4% on 2017 and is the highest level ever recorded. In fact, in 2020 around 36% of the constituent funds quoted on the AREF/IPD UK Quarterly Property Fund Index, made use of a Jersey structure.

Research by Capital Economics on Jersey's value to Britain shows that Jersey is home to more than £600 billion in corporate asset vehicles. Around 80% of that is thought to be invested in real estate, with a strong emphasis on UK commercial real estate.

The latest figures from the Jersey Financial Services Commission (JFSC) show that 365 Jersey Private Funds have been authorised and that annual growth in Jersey Private Funds was 27% (as at 30th September 2020). The fourth quarter of 2020 also saw the record creation of limited partnerships in Jersey.

In recent years Jersey has also invested significant time and resources into building the foundations of a global platform. Beyond Europe, Jersey is well placed to connect global managers and investors, with a growing number of managers in the US and Asia in particular looking for a European time-zone hub, outside of AIFMD rules, that can offer a transparent environment, as well as offering investors relatively straightforward access into the markets of both the UK and EU.

Statue of George Washington on the front steps of Federal Hall National Memorial on Wall Street, at the New York Stock Exchange building in the Financial District of Manhattan, New York City, USA. By S-F © Shutterstock

Jersey Finance has worked hard to promote its vision of 'Global Jersey' not least by promoting Jersey's finance industry in Asia since 2005 and opening an office in Hong Kong in 2009. It continues to support the Hong Kong office with regular business seminars, roadshows and reception to enhance Jersey's relationships and contacts in the region. Jersey has signed a Tax Information Exchange Agreement with China and a double taxation agreement with Hong Kong, which further strengthens Jersey's links to the region.

In 2009 a statement of cooperation was entered into between the JFSC and four US financial regulators. This built on the Tax Information Exchange Agreement that was entered into between Jersey and the US in 2002.

Jersey's global platform should align well with the UK's pursuit of a more globally diverse role. This drive is demonstrated by agreeing trade deals with seven of the 11 members of the Comprehensive and Progressive Agreement for Trans-Pacific Partnership and ongoing talks continuing with New Zealand and Australia. In June 2021 the Department for International Trade published the 'UK Accession to CPTPP: The UK's Strategic Approach', which alongside pursuing a trade deal with the US, increasingly look to be pillars of the 'Global Britain' trading strategy.

Looking forward, Jersey has introduced legislation to support the establishment of limited liability companies in Jersey, which should be popular with US investors, fund managers and other businesses in allowing them to set up structures in Jersey that are familiar with their own market. Jersey seems well placed to provide access to UK investors and opportunities in this new trading environment. This position was further affirmed by the UK's Financial Conduct Authority signing a Memorandum of Understanding with the JFSC in 2019.

Despite Jersey's increasingly global role, Europe remains an important market and in particular Jersey is well placed to support non-EU managers wanting to access capital from within the EU. Significantly, the most recent Jersey Funds Association (JFA) survey of its members found that attitudes have now become positive, with over 80% of respondents saying Brexit would be neutral or would even increase business for Jersey. Respondent's cited Jersey being a third country in relation to the EU as an important feature. The private placement regime means that Jersey also has all the infrastructure in place to enable funds to continue to market seamlessly into the EU through a well-established and highly recognised route.

The JFA survey also revealed 97% of managers want access to only three countries within the EU or less and for such managers private placement is likely to be the best route. This is supported by the evidence on the ground where recent figures outlining the number of alternative managers marketing into Europe through private placement in Jersey rose 9% in 2019 to more than 180 and anecdotally 2020 continued to show that private placement is increasingly attractive to UK and other non-EU managers. Jersey also plays an important role in enabling managers from within the EU to mitigate the impact of Brexit. A huge proportion of investors in alternatives are based in the UK making access to the City an important issue for managers based in the EU.

All this clearly shows Jersey has an enviable position of having a strong funds sector and is navigating the challenges of the moment very well. It is also a banking and finance centre, so Jersey is ideally placed as a location for both lenders and borrowers in the funds finance arena. There are a number of financial institutions – including specialist debt funds – based in Jersey, who provide these products. There are more than 20 bank branches and subsidiaries located in Jersey and they include nearly half of the top 25 banks in the world, by Tier 1 Capital and Jersey's banking sector holds an average Tier 1 Capital ratio that is 50% higher than Basel III requirements. The security regime has been radically overhauled and is now a modern regime, which is popular with lenders and borrowers alike.


City of London skyline.
By IR Stone © Shutterstock

With interest rates still at historically low levels and an increased awareness and provision of finance available to funds, it is likely that fund finance will grow globally and locally.

In addition, Jersey has developed as one of the world's most astute and acknowledged expert providers of Shariah compliant structures and family office solutions – even before it opened an office a few years ago at the Dubai International Finance Centre (DIFC) – and is now the domicile of choice for Islamic asset and fund domiciliation and Sukuk structures for investors across the MENA region. Jersey is also the preferred domicile for developed asset classes, such as real estate and private equity for Shariah compliant fund mandates.

Funds in Jersey are broadly regulated depending on the type and number of investors they have and whether they are closed or open-ended funds. Sophisticated or institutional investors are often subject to a lighter touch regulatory framework, provided that the offer document clearly outlines the risks involved in the fund. Jersey's government has issued a helpful Statement of Practice in respect of Murayama contracts used in Shariah compliant funding structures and also specific guidance in respect of economic substance requirements in relation to Shariah compliant lending, which has been seen as another helpful step by market practitioners.

Shariah scholars have deemed the use of Jersey entities as potentially acceptable for use and this enables Jersey entities to be used successfully to facilitate Sukuk structures. Jersey based entities have been used in connection with a wide variety of Shariah compliant capital markets transactions. These have included structures established for the purpose of making off-balance sheet investments and securitising assets including:

- Jersey incorporated companies typically used for Sukuk issuance;
- limited partnerships issuing partnership interests;
- trusts, such as the well-known Jersey property unit trust; and
- real estate structures using companies, limited partnerships or JPUTs.

Regulation and supervision of Sukuk issues and other Shariah compliant products is provided by the JFSC. The JFSC is familiar with Shariah compliant products and they are processed in the same manner as other securities, as Jersey's laws are broad enough to permit the issue of all types of Shariah compliant instruments.

A private trust company acts as trustee of the family trust (or trusts) and the directors of that company could include members of the family and even the family's close advisors acting alongside professional trustees. That company will often be advised by a family council or similar body. Private trust companies are increasingly being used by high net worth private clients, who prefer to establish their own entities and allow them to act as the trustee of their family trusts, rather than transferring assets to a third party professional trustee company.

Due to Jersey's leading reputation for trust expertise, Jersey trusts appeal to many Shariah investors and they use Jersey trusts for wealth and succession planning as well as for charitable and philanthropic purposes.

The introduction of foundations to Jersey in 2009 has also proved popular with the Islamic finance community. Foundations can offer high net worth individuals (HNWIs) an attractive alternative to trusts for holding wealth with a structure designed to meet their needs. In addition, foundations can potentially allow greater control than is possible for a beneficiary of a trust.

One of the main reasons that Jersey foundations are often used for charitable and philanthropic purposes is that they can be highly tailored to suit individual requirements. In addition, foundations which comply with the statutory charity test in Jersey can seek to be registered as a charity in Jersey. Having done so that charity can choose to be registered on either the general or the restricted section of the Charities Register. This is an important factor for families looking at setting up Awqaf or Shariah compliant endowments.

As Jersey's finance industry reaches its diamond anniversary there can be no doubt that Jersey is now the best regulated and most transparent it has ever been. It has navigated tremendous headwinds in recent years and will surely continue to build on its global platform in the future.

IAIN MILLAR

Iain Millar, Group Partner, Appleby in Jersey.

Iain is a Group Partner within the Corporate department at Appleby in Jersey. Iain specialises in all aspects of corporate and private equity work, M&A, banking, debt finance and real estate finance matters.

He has substantial offshore experience advising on all aspects of commercial real estate deals and private equity acquisitions, including some among the largest and most complex to have been undertaken in Jersey. Prior to joining Appleby, he worked for over 15 years in private practice in Jersey and London, in one major offshore firm and a leading onshore practice. Iain is admitted as an English Solicitor (non-practising).

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Resilience of the regulator: from pandemic to performance

BY JILL BRITTON

The past 18 months have been a challenge for all, not just in Jersey or the financial services sector but across the whole world. I had very much intended to start this article reflecting on life from a post-COVID perspective but it is still a part of our daily lives, albeit with the lifting of most restrictions. Resilience is a word I keep coming back to and I am in awe of how our people, the financial services industry and the Island, have stayed resilient throughout. Businesses had – and still have – to keep adapting how they work, whether that is by following Government guidance to work from home, introducing new flexible working arrangements or implementing technology at a speed many could have only dreamed of.

At the Jersey Financial Services Commission (JFSC), we started last year with an ambitious plan for capital investment and a demanding programme of supervisory engagement. Rather fittingly, our 2020-2023 strategy identified the importance of both our own resilience and the resilience of the Jersey financial services sector in the face of unidentified threats. However, we did not anticipate the events to come.

In addition to the challenging work we had outlined that we would deliver in our 2020 business plan, we found ourselves with two additional tasks: protecting our staff and their families by moving to remote working and supporting Government to oversee the compliance of the finance industry with the various public health requirements, which were essential to shield the Island. Our operational resilience has never been tested more than in 2020, as we responded to a pandemic and managed to maintain both our regulatory and registry operations while working remotely. At the same time, we delivered a number of large transformational projects that will benefit the regulated community and our Registry customers.

It was only right, however, to start this year with a pause and reflect back on what is truly important for Jersey and what we have already achieved. We had to question ourselves after a sustained period of uncertainty to check we were on the right path. Does our strategy and four-year road map still apply or, like everything else over the past year, do we have to quickly adapt and change course? Regulation has become an increasingly challenging activity. The degree of challenge reflects the intensifying complexity of the financial sector. Market fragmentation, political change, financial sector innovation and the changing face of financial crime all contribute to that challenge. In the face of an evolving operating context, it is appropriate to deepen our perspective on our challenges and priorities. It also allows us to be clear and intentional in our choices and test our collective understanding of the consequences of those choices.

Our four-year strategic roadmap has already served us well. We have already delivered a number of the ambitious projects, including the new customer platforms myRegistry and myProfile and doubling our engagement with industry through website updates, webinars and virtual meetings. That said, it is also clear that we need to change course slightly, given the events of the past 18 months and the unknowns of the years ahead.

As we, as an Island, prepare for the next MONEYVAL assessment visit, there is a lot of work to do.

We are fully aware that the rising costs of regulation are being driven by increasing market complexity. It is our job to manage these costs and to ensure that industry gets the best value for money, whilst we equally maintain Jersey's reputation as a good place to do business. We know there is additional complexity in the structure of firms and products, the rise of new fintech models and cryptocurrencies and the nature of other new regimes planned such as virtual asset services providers (VASPs), consumer lending and pensions. These are all pressures that will impact industry's appetite to finance the necessary work we need to do. Those pressures also require us to be efficient with our resources and sharpen our focus, continue to invest in our risk model and be clear in our prioritisation through an agreed strategy.

The use of effective regulatory tools and improved use of data should – and will – continue to be a core focus for our development in order to maximise finite resources and the timely identification of wrongdoing. We also need to ensure that we are applying our resources to activities that provide the most valuable support to industry for operating their businesses in Jersey. Effectively, we need to deliver on the things we do which attract good business in the Island such as speed of service and consistent licensing of new business.

There are other areas where we know we can also improve. We need to get better at how we use technology; it is clear that technology will be critical to organisational success. Our investment in technology removes barriers to change and can catalyse new investment by users. If it is easier for you to do business with us, then it is easier for you to do business with your clients. It is therefore imperative that we deliver the right technological environment with appropriate delivery capabilities, capacity and appropriate levels of innovation for success. Our ICT must be good not average.

Looking inwards at how we develop, reward and engage our people, is also an important factor for us. We need to invest in our people, systems and capability to be an effective regulator and Registry. We want the JFSC to be 'the' place to work. Developing the right frameworks to attract and retain the right people with onboarding; career paths and planning; succession planning; leadership programmes; mentoring schemes; coaching; remuneration and rewards are all key to doing this.

Our new strategy, which we will unveil later in 2021, will and should amalgamate all of these elements. We know our journey over the next few years will not come without challenge but I am confident that with the right drive, skills and people in place, we will deliver.

I am honoured to be taking the helm as Interim Director General of the JFSC whilst we embark on this crucial time for Jersey and the finance industry as a whole. We are truly on our way to being a high performing regulator building for the long-term success of Jersey.

JILL BRITTON

Jill Britton, Interim Director General, Jersey Financial Services Commission (JFSC).

Jill previously served for five years as the JFSC's Director of Supervision. With more than 25 years' experience in the financial services industry in Jersey, the UK and Asia, she has a wealth of knowledge in regulation, compliance and operational risk management.

A landmark year for the industry and Jersey Finance

BY AMY BRYANT

The celebrations marking 60 years of the finance industry coincide with the 20th anniversary since Jersey Finance first opened its doors as the promotional body for the industry.

The creation of Jersey Finance was partly the result of one of the findings of the Edwards Report, a UK government review of the financial regulation of the Crown Dependencies when it was recommended that the regulator should not also have the role of promoter of the industry.

Therefore, the promotion of Jersey's finance industry became the responsibility of this new body, entitled Jersey Finance, jointly funded by the industry and government. Its first chairman was Geoffrey Grime, who spearheaded its formation and Phil Austin, a senior figure from the finance industry, was recruited as chief executive along with a small marketing and admin team.

Jersey Finance is based at Sir Walter Raleigh House on Esplanade Street in St Helier. Photo by / © Chris George

The first practical steps to promote the finance industry further afield began initially by a showcase conference in London and then by hosting the first of many overseas visits to the Gulf with senior representatives from government and finance industry Members.

Encouraged by the success of this strategy and bolstered by additional government funding and increased resources, Jersey Finance began to extend its international reach by adding to its range of overseas visits, opening offices in leading jurisdictions and recruiting business development teams to support our message in its key markets.

Alongside the promotional work, it was agreed that the organisation should provide technical input during consultations with the government and the regulator when new laws or regulations were proposed for the industry. By taking on those responsibilities, the foundations for Jersey Finance's work for the next two decades were firmly in place.

Those early years highlighted the importance of collaboration between the key stakeholders, a method of working that has remained central to the success of the jurisdiction through all that time.

HIGHLIGHTS

It would be difficult to record all the highlights during 20 years of evolution in the global finance industry but there were some landmark moments along the way.

The launch of the streamlined Expert Fund guide in 2004 to meet the growing demand for alternative funds and the more recently announced enhancements to the regulatory framework through the introduction of Jersey Private Funds in 2017, are fine examples which have helped the funds sector enjoy stellar growth. Meanwhile, regular enhancements to our trust legislation, the introduction of Jersey Foundations which widened our appeal within the private wealth community and the Charities (Jersey) Law, which bolstered Jersey's reputation for globally focused philanthropy, have made us an ever more attractive destination for private wealth solutions.

By florin.tenica © Shutterstock

None of these measures would have been possible without the collaboration between the government, the regulator and the industry trade bodies and we have to thank representatives from Jersey Finance Member firms for their immense pro-bono contribution when joining the Jersey Finance technical team in consultations and meetings on new laws and regulations.

RESEARCH

A milestone event during Geoff Cook's tenure as Chief Executive was the commissioning of a research project undertaken by Capital Economics and published in July 2013 to demonstrate the value of Jersey's finance industry to the UK, at a time when there were inaccurate claims circulating from lobby groups that jurisdictions such as Jersey were tax havens attracting funds away from western economies.

The reverse was the case and the 2013 study revealed that Jersey was responsible for £500 billion of inward investment in the UK, which supported around 180,000 jobs. This message resonated well to the extent that the Prime Minister of the day, David Cameron, stated in the House of Commons that he did not think it was fair to refer to Jersey and other Crown Dependencies as tax havens.

A further study showed Jersey's value across EU markets and Joe Moynihan, our current Chief Executive, continued with an expanding series of evidence-based research in key markets, which helps to highlight Jersey's positive contribution to global economies.

We play a supportive role with the government and the regulator whenever standard-setting organisations have turned their attention on the Island to assess the quality of our regulatory regime. Two of the most emphatic results was the report in 2016 from MONEYVAL, the Council of Europe's Committee of Experts on the evaluation of anti-money laundering measures and the financing of terrorism, which underlined Jersey's ability to combat financial crime through a sophisticated system of capturing ownership information about entities and structures. Most recently, in 2019, the EU Finance Ministers (ECOFIN) confirmed Jersey's position as a cooperative jurisdiction following an extensive assessment. However, there have been many others, including the IMF in 2002 and 2008 and the Foot review in 2009. All of which have shown Jersey to be among the leaders in compliance with international standards of financial regulation.

INTERNATIONAL

The expansion of Jersey Finance's global footprint has been a consistent theme of the last 20 years with offices opening in London, the Gulf, the Far East and the United States and, most recently, representation in Johannesburg. The opening of these offices has given us the platform required to build relationships and connections with the key influencers and top practitioners in each of these locations as well as being a valuable focal point for Members on overseas visits. Particularly satisfying was the opening of the new office in Dubai, making us the only international finance centre (IFC) to have been granted permission to set up in the Dubai International Finance Centre (DIFC), while the opening of an office in New York two years ago was another milestone, in response to the growing amount of funds business originating from US-based asset managers.

Our business development team overseas are involved in large numbers of meetings each year in which they highlight the appeal of our jurisdiction, while building contacts and demonstrating our understanding of the various regions, they host seminars and other events, frequently supported by our marketing team in Jersey.

Conferences and seminars have been a staple of the Jersey Finance offering since the very beginning and they have expanded in range and scope over time. Among finance and legal professionals in London, for example, we have become well-known for hosting popular private wealth and fund events every year, with the numbers attending now frequently surpassing 400 each time.

STRATEGY

Strategies have been tweaked and sometimes revised over the years, none more so than in 2013 when a complete strategic review of Jersey's financial services industry was undertaken in association with McKinsey. The conclusions from that report were designed to sustain the success of the industry for the benefit of the Island's economy, taking into account trends and developments within financial markets worldwide including the evident growth in new markets in the east and the shifting patterns of wealth accumulation among the worldwide investor community.

Important strategic decisions were taken at that time, in consultation with the government and the measures implemented then have contributed to the fact that 50% of our business now originates from markets outside of Europe.

We can also point to winning awards as another highlight for us. Since awards became a feature of our industry sector, Jersey has been extremely successful in winning the top IFC awards from a range of UK and international media publishing groups, a recognition of the industry's achievements, year on year.

COMMUNITY

As the representative body of the industry, it has always been important that we set a good example in contributing to the local community. Highlights for us have been the raising of funds for charities, a focus in key anniversary years and the organisation of careers fairs and other local events designed to showcase the broad appeal of working in the industry. A new fixture on the calendar has been the launch of new awards to identify the rising stars of the industry, young professionals destined to be the senior figures of the future.

In 2020 we were awarded Jersey Good Business Charter status for demonstrating a strong and ethical business attitude and we adopted both the Institute of Directors Diversity and Inclusion Charter and the Eco Active Business network. Meanwhile, in support of the industry's ambitions and awareness of the global surge in investments meeting environmental, social and governance criteria, we launched a 10-year sustainability strategy, a series of initiatives designed to leverage Jersey's strengths in supporting worldwide growth in sustainable finance.

Finally, no review of the last 20 years can ignore the extraordinary ramifications of COVID-19 which, even as I write this, continues to have a terrible impact on lives and livelihoods around the globe. Our wonderful team adapted quickly to rapid changes in working practices and switched to 'virtual' events, including the flagship private wealth conference in December last year which featured an interactive networking experience, praised afterwards by delegates for its innovation.

A 20-year history of Jersey Finance is a celebration not only for us but for all of our stakeholders and partners and especially for our Members who have contributed so much to our success as a representative body since 2001. We look forward with ambition and confidence to the next 20.

AMY BRYANT

Amy Bryant, Deputy Chief Executive Officer, Jersey Finance.

Amy joined Jersey Finance in 2011, becoming Chief Operating Officer in January 2014 and assuming her current role in September 2017. She also retains an active position leading the Strategic Projects team, which undertakes projects and initiatives to develop the financial services industry in the Island.

Prior to Jersey Finance, Amy worked for PwC in the Channel Islands, where she specialised in the taxation of offshore funds and Jersey corporate vehicles and provided international structuring advice to a global client base. Whilst working within the tax team, she was admitted to the Chartered Institute of Taxation as a Chartered Tax Advisor. Amy initially qualified as a chartered accountant within PwC's Assurance team working on the audits of a number of banks, financial institutions and public sector bodies.

Jersey: 60 Years as an IFC

A timeline of key milestones as Jersey marks the 60th anniversary of its modern financial services industry.

1961

- Banks begin to establish offshore operations to meet the growing demands of British customers living or working abroad.
- M. Samuel, which later became Hill Samuel, is the first merchant bank to arrive in Jersey.
- The *Income Tax (Jersey) Law* is drafted.

1962

Abolition of the Code of 1771, whereby the maximum rate of interest chargeable in Jersey was 5% per annum - this leads to the arrival of other major merchant banks.

1967

Jersey takes its first steps in the protection of the interests of depositors with the enactment of regulatory legislation.

1969

The first American bank opens its doors in Jersey.

1970s

The authorities in Jersey decide that bank licences should be limited to those in the world's top 500 banks.

1971

Jersey adopts the decimal system.

1972

After the UK joins what is now the EU, Jersey negotiates a special relationship via Protocol 3 so that it remains outside the EU for most matters.

1984

Jersey is the first jurisdiction to bring trust and company service providers within a regulatory regime by passing the *Trusts (Jersey) Law* 1984.

1993

The Jersey Branch of STEP is established.

1998

- Jersey's financial regulator, the Jersey Financial Services Commission (JFSC), is established.
- The International Stock Exchange was established.

2001

Jersey Finance is founded to promote Jersey as an international finance centre (IFC) globally.

2002

- Jersey enters into a political commitment with OECD Member States to negotiate bilateral tax information exchange agreements.
- Jersey Finance hosts its first conference in London promoting financial services.
- Jersey Finance organises the first official industry visit overseas when it arranges a trip to the Middle East region led by senior ministers from Jersey's government.

2004

- A streamlined regulatory regime is designed to attract increasing levels of alternative investment funds business while maintaining appropriate regulatory standards.
- Jersey joins with other European 'third countries' and dependent associated territories of EU Member States in lending support to the EU in the implementation of its Taxation of Savings Income Directive.

Jersey's IFC has won multiple awards globally for its service offering

DID YOU KNOW?

Jersey boasts the oldest chamber of commerce in the commonwealth, founded in 1768.
The first bank in Jersey was established in 1796.

2009

- Jersey is one of the first IFCs to be placed on the OECD 'white list', having implemented internationally agreed tax standards.
- The *Foundations (Jersey) Law* comes into force, widening Jersey's global appeal as a centre for private wealth management.
- Jersey Finance opens an office in Hong Kong and Jersey companies are able to list on the Hong Kong Stock Exchange.

2011

Jersey Finance celebrates the 50th anniversary of the finance industry with a gala event and series of charity fundraising initiatives.

2013

Jersey Finance publishes research revealing that Jersey supports an estimated 180,000 British jobs and adds £9 billion to the UK economy.

2014

Jersey Finance establishes a 'launchpad' presence in Shanghai.

2016

A report from MONEYVAL finds Jersey 'compliant' or 'largely compliant' with 48 out of 49 Financial Action Task Force (FATF) recommendations, placing it in the top tier of jurisdictions.

2017

The JFSC announces a new regulatory framework for private funds to enhance Jersey's competitiveness.

2018

- The States Assembly approves the *Charities (Jersey) Law.*
- Jersey becomes the first IFC to set up an office in the Dubai International Finance Centre.

2019

- ECOFIN confirms Jersey's position as a cooperative jurisdiction following an extensive period of assessment.
- Jersey commits to align with the principles set out by the EU's Fifth Anti-Money Laundering Directive and move towards a public register of beneficial ownership for companies.

2020

During the pandemic, Jersey Finance stages its first global webinar series to highlight the positive and evolving role Jersey plays in global economies.

2021

Jersey Finance unveils 'Jersey for Good: a Sustainable Future', which makes the case for Jersey's finance industry to support the transition to a more sustainable future. The report also includes an initial two-year 'pathway' to deliver on key objectives.

Jersey's evolving finance industry

As we celebrate the 60th anniversary of Jersey's finance industry, several of its long serving professionals reflect on their careers and the changes they have witnessed as the jurisdiction has adapted and continues to evolve to retain its position as one of the world's most respected international finance centres.

Tim Childe, Managing Director
Head of International & Head of Jersey Office
Quilter Cheviot Investment Management

I started my career in the private wealth/investment management sector in 1987, having joined Mercury Asset Management working in the Securities Department and supporting the London based private client and institutional investment management teams. In 1990 I joined Allied Provincial Stockbrokers (C.I.) Ltd, which was acquired by Quilter Goodison in 1991 and took over the management of the Jersey office in 2004.

Since that time, amidst a backdrop of various company ownership changes including Citigroup, Morgan Stanley and Old Mutual, the Jersey office's international client base and reach has continued to grow, leading to the opening of a branch office in Dubai DIFC in 2016.

Over the decades we have seen the finance industry not only grow exponentially but radically adapt to meet the challenges of a changing global financial and macroeconomic backdrop. Clients, be they private or corporate, have become ever more discerning in their solution and servicing needs, requiring considerable investment, development and innovation from the provider firms – be they from the banking, investment management, fiduciary or legal sectors.

Quilter Cheviot have continued to maintain their leading reputation and evolve their service offering, drawing upon their considerable group resource. One obvious example is the support provided to the 170 strong investment managers across our 14 offices, with the further benefit of Quilter Cheviot's strength of research capability within the discretionary fund management industry, which consists of 22 qualified in-house analysts.

This year marks a major landmark moment for Jersey; it has been 60 years since the Island's designation as an international finance centre. This was a pivotal change that put Jersey on the map in the world of financial services and has proved to be a resounding success.

The last six decades have seen Jersey's financial services sector flourish. The Island has come a long way since the 1960s, when banks began to establish offshore operations meaning Jersey was soon home to 50 of the world's top 500 lenders. In the late 1990s, following the election of the Blair Labour government, the Island's financial regulator, the Jersey Financial Services Commission, was established, as well as The Channel Islands Stock Exchange.

In further evidence of success, the 2000s brought Jersey recognition on a truly international scale, when it was included on the OECD's 'white list' alongside the UK, USA and many member states of the European Union. This made Jersey a top tier jurisdiction that had "substantially implemented the internationally agreed tax standard".

Since then, Jersey's international recognition has only grown.

Just this year, the Island joined 130 countries in support of the OECD's statement on Global Business Taxation, which should see global companies, including the likes of Google and Amazon, taxed at a rate of 15% once the new tax regime is implemented.

As well as its success on a macro level, there is plenty of evidence that demonstrates that Jersey continues to appeal to those operating in private equity (PE), venture capital (VC) and alternatives.

In Jersey's time as an international finance centre, alternative assets have grown beyond all expectations, in turn requiring an increasingly sophisticated governing regulatory framework. Despite intense competition among popular jurisdictions for alternative investments and the increasingly complex regulatory environment, Jersey has remained an attractive jurisdiction in which to do business. Data from the Jersey Financial Services Commission shows that in 2020 the value of PE and VC funds domiciled in Jersey increased by 21% year-on-year to £165 billion.

The future of Jersey's financial services sector looks bright. While nobody could have predicted COVID-19 and its fallout, I believe the way Jersey's financial sector reacted to it demonstrates the Island's ability to meet future challenges head on.

The Island's swift and effective response to the pandemic from a logistical, regulatory and legislative perspective demonstrated its adaptability. Despite four rigorous lockdowns and a constrained lockdown environment, Jersey's funds sector maintained a 'business as usual' focus, ensuring the finance industry contained the necessary compliance while working from home and maintained stability despite the obvious challenges brought about by COVID-19.

As a result of the Island's resilience and adaptability, Jersey's fund authorisations unit and registry stayed open and was well equipped to support businesses throughout the pandemic. In fact, in a year I am sure none of us will ever forget, 100 new Jersey private funds launched – a ringing endorsement of the structure's appeal, especially given the market and logistical challenges of 2020.

Last year also marked the moment the UK formally left the European Union. Following the exit, Jersey maintained a flexible regulatory position and remains fully committed to equivalence with the EU's 5th Anti-Money Laundering Directive. The timely introduction of substance laws further demonstrated the Island's good governance credentials in tax, leading to renewed recognition as a cooperative jurisdiction by the EU's influential Code of Conduct group.

I would like to now formally extend my congratulations to Jersey on its 60-year anniversary as an international finance centre. In six decades, Jersey has transformed its financial services industry and has become a globally recognised jurisdiction. To this day, Jersey continues to play an essential role on the global financial services stage, with an embedded ability to adapt quickly as a jurisdiction.

I have no doubt that Jersey will continue to build on its existing success by constantly adapting to the world around it and providing a robust but flexible regulatory structure that enables the financial sector to continue to grow and innovate. The dual challenges brought about in tandem by Brexit and COVID-19 showed how capable Jersey's financial services sector is and I have every confidence the sector will continue to grow and innovate in the coming years.

Claire Machin
Group Director and Head of Private Wealth – Jersey
Suntera Global

I joined the industry in 1993 having decided not to head off to university at the very last minute. This was a big decision at the time with many of my school friends heading off the Island to undertake university courses but my attention was grabbed already by a finance company and the prospects it could offer me to work and study at the same time.

The finance company was Abacus Financial Services – the trust arm of PwC – and they had attended various schools and colleges to market the business and introduce the students to the financial services industry. Based on this, I joined Abacus and haven't looked back since.

I studied the ICSA qualification through to professional level and do not feel like I missed out by getting into the industry straight from school. Eighteen seems young to head into the industry but more and more opportunities are available to join the finance arena from school and we encourage both school leavers and graduates to join our teams.

I have since worked in several senior positions prior to joining Suntera Global as a Manager in 2010 and was appointed to the board of Suntera Jersey in January 2017. In September 2019, I was also appointed as a Group Director of Suntera Global and am the Head of Private Wealth in our Jersey office. I am supported by a team of six private client directors who each head up their own private client teams.

I consider myself to be conscientious and a real people person, both of which bode well in our industry where client relations are paramount. I work closely with each individual client to ascertain their needs and meet them as we are more than a service provider, we are a partner and have worked with most of our clients' long term so really feel we know them well. Being a people person is also key to leading my directors and being a role model to all our Jersey staff.

One of the highlights of my career was when I won the Citywealth Trustee of the Year award for the Channel Islands and Isle of Man in January 2019 and I am honoured to have been shortlisted recently for their Woman of the Year - Leadership - Financial Organisation (CEO/Board Member) award.

Another highlight since I joined the industry has been the enhancements to Jersey's Trust Law. Whilst the law has been the backbone of the wealth management industry since its introduction, there is always scope to tweak it in order to make it more attractive for potential clients. The introduction of the Foundations Law in 2009 was another milestone and so was the more recent Charities (Jersey) Law, both legal innovations which have served as a platform for increasing philanthropic activity.

From a client perspective too, it is a very different – far more regulated – environment, for financial services. Fortunately, Jersey has a history of strong regulation and an excellent legal system. They are among the key building blocks in our wealth management proposition and sit alongside our political and economic stability, tax neutrality, global connectivity, ability to innovate in response to market demands and of course our many very experienced finance industry professionals.

The infrastructure created by the 13,000 strong workforce, who work for some of the world's leading banks, fund and corporate services providers; some of the largest offshore law practices and professional service firms, as well as a range of experienced and long-established trust and wealth management firms, has ensured the perfect environment to support the ambitions of global investors, so I have no doubt that we will continue to overcome future challenges and seize opportunities.

Scrutiny of financial services has been a feature of the wider global industry, especially during the last 20 years but Jersey has been able to negotiate these hurdles and ultimately obtain endorsement for the quality of its regulatory regime time and again from influential global organisations.

I have also witnessed the increasing global nature of the private client market which has led the industry in Jersey to reach out to new regional markets. Many firms in the trust sector have amalgamated or invested in strategic expansion to bolster their global office network and in so doing enhanced their private wealth offering.

Over the years, I have had the pleasure of working with many experienced and successful mentors in the industry who have greatly added to my personal success and enjoyment of the business.

It is a real honour and pleasure to have grown up in Jersey and had the opportunity to represent the Island in our industry and to have seen the jurisdiction grow and develop and remain at the forefront of international finance centres.

Trevor Norman
Director of Islamic Finance and Funds
VG

I began my career training as a Chartered Accountant and qualified in 1983 before deciding in 1988 to move away from accountancy and join the trust and corporate operating arm of local law firm Michael Voisin & Co which later became VG. I expected that this would be a good short-term steppingstone into a larger organisation where I would have more opportunities to work on international transactions. Over 30 years later, that temporary steppingstone has provided me with a career that I could never have envisioned in an industry that has evolved, both technologically and in prominence, with a variety of work that exceeds any concept of international finance I had in 1988.

In 2020, the leadership team and I were changing our policies to allow for digital signatures in light of the pandemic; this was a leapfrog from my role in 1990 when I oversaw the installation of our first office wide network and 'screen per desk' policy at a time when many firms only had a 'screen per team'. That first office wide network ran on a dumb terminal attached to a server which had an Intel 286 processor; my current iPhone has greater processing power and storage capacity than that whole network.

Initially, emails could only be received on a single PC connected to the World Wide Web via a dial-up modem which made it very, very slow to send and receive data. At the time, I recall discussing with my colleagues whether email would ever catch on. Now there is no doubt in my mind that the greatest change in to how we do business has been the profound increase in ease and speed of communication through the use of email, mobile devices and video. But, despite the past 18 months forcing us to rely solely on technology, I question whether it will ever substitute face-to-face, in-person interaction.

In 1995 the Swiss subsidiary of the Dar Al-Maal Al-Islami Group of Saudi Arabia approached VG to establish a Shariah-compliant fund investing in US real estate. Despite knowing nothing about the rules of Shariah Law and very little about the history of Islam or the Middle East, I was asked in my capacity as Director of Funds to lead this project. As a result, my career was given a completely new focus.

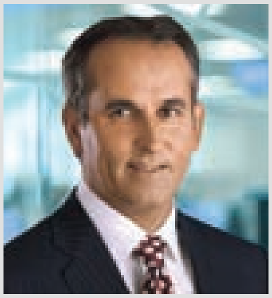
I quickly found myself working with other Middle Eastern financial institutions and studying a wide range of literature to learn about the application of Shariah Law in financial structures and then more widely about Islamic and Middle Eastern history and politics. One of my most memorable learnings was a two-hour meeting with one of the leading Scholars, Sheikh Nizam Yaquby, in 2000 to discuss various concepts in Company Law and the application of Shariah principles to the structure of an equity fund we were working on. I still find myself returning to some of the fundamental principles I learnt that day.

Over the years I have undertaken c.100 multi-country trips to the Middle East; one of my most memorable trips was in 2002 when I was invited by the Accounting and Auditing Organisation of Islamic Financial Institutions (AAOIFI), the leading standard setting organisation in Islamic finance, to speak at their annual conference in Beirut. The highlight was being driven in a police convoy to the Presidential Palace in Beirut where I had been invited to dinner by Prime Minister Rafic Hariri (sadly assassinated in 2005) and the Crown Prince of Bahrain. I now feel very much at home in the region and my involvement in this rather unusual area of work has led to passionate interest in the culture and history of the Middle East.

My move to VG in 1988 was against the advice of some peers; indeed, one senior tax adviser warned me against moving to work for the senior partner of the firm at that time. Over time I came to understand that this warning was based on the firm's reputation for pushing the boundaries of Jersey corporate law and working on innovative transactions and structures that are still in use today; in my opinion, without the innovators like Michael Voisin and others, Jersey would not have become such an internationally recognised international finance centre.

I feel very lucky to have been involved in such a dynamic business environment which has seen many changes, changes in the types of business VG conducts and in particular changes in the way the offshore finance industry is structured and regulated.

The flexibility of Jersey's corporate laws and the Jersey regulator's readiness to adapt and match the ever-changing demands of our clients, has meant that in my 25 years of structuring Shariah-compliant transactions, I have yet to encounter a structuring requirement that could not be accommodated within those Laws. I am proud to be part of a finance industry that is so well respected (and indeed the envy of some) and have no doubt that this respect will continue as Jersey's finance industry adapts to future challenges and opportunities.



John Riva
Partner
Head of Tax for KPMG Islands Group

Tax neutrality has been one of the main features of the Jersey tax system throughout my career. It has underpinned the establishment and growth of the international financial services industry. It is fair to say that without it, we wouldn't have a successful and robust, leading financial services sector.

So what exactly is tax neutrality? It is a system that does not subject companies to additional taxation, recognising that underlying profits may be subject to tax where the income-producing assets are located and investors are taxed on their returns in their home jurisdiction. It therefore prevents unnecessary additional layers of taxation and provides certainty of the tax treatment, thus facilitating cross boarder investment.

Many jurisdictions provide tax neutrality. However, this is generally though a network of double tax agreements, which Jersey doesn't have. As such, Jersey can only prevent unnecessary additional layers of taxation through other means of tax neutrality. I have lived through three main regimes.

When I first started work back in the mid-80s, tax neutrality was provided through the Corporation Tax regime. Jersey incorporated companies that 'resided' outside of Jersey were not liable to tax on their worldwide profits at 20% but subject to a corporation tax of £300. The main conditions were that no Jersey person beneficially owned the company, most of the directors were not resident in Jersey and management and control was exercised outside of the Island. The latter two conditions resulted in the unsavoury behaviour known as the 'Sark Lark', where Jersey incorporated companies appointed 'nominee' directors in Sark, while undertaking the company administration, including drafting of directors' resolutions, in Jersey. The resolutions were then ferried to Sark where the directors, in addition to their day jobs of fisherman, farmers and even a couple of postmen, would sign them, obviously taking great care and attention, before shipping them back. Due to the small population of Sark, individuals were directors to a great number of companies, with one individual allegedly having over 3,000 directorships.

Recognising that this was not an appropriate way of doing international business, Jersey introduced the exempt company regime in 1989. On payment of an annual fee of £300 (which later increased to £600) and subject to certain conditions such as no Jersey resident beneficial owners, the company was subject to tax on a territorial basis, despite it being incorporate and/or managed and controlled in Jersey. This meant that only Jersey source profits were subject to tax; however, due to a business friendly interpretation of 'trading in Jersey', most foreign-owned investment companies and administered trading companies did not pay any tax other than the annual fee.

This worked well for a number of years and provided the appropriate tax neutrality to a great number of Jersey companies. However, in 1999, following a review by the EU Code of Conduct Group, the exempt company, along with three other Jersey preferential tax regimes, were found to be harmful.

At that time, I had been a tax partner at KPMG for a number of years and took a limited unpaid secondment to the States of Jersey to assist them with negotiating the abolishment and replacement of these regimes. In 2002, after several meetings with UK Treasury, we finally settled on a possible replacement and it was in the departure halls of Gatwick Airport where the framework of the zero/ten regime was devised.

Under the zero/ten regime, most companies, irrespective of their ownership, are subject to tax at 0%. Only a small number of companies, those that have a presence in Jersey and undertake certain financial services businesses, are subject to a prejudicial rate of 10%. The zero/ten regime is by no means perfect but it does satisfy the Code of Conduct principles, generates tax receipts as the largest and most profitable companies are subject to a positive rate of tax yet also provides tax neutrality to most administered companies, ensuring the survival of the financial services industry.

Therefore, in June 2008, after nearly 19 years, the exempt company regime was abolished and replaced by a 0% regime.

As I now enter the latter part of my career, I can see storm clouds gathering in the distance as the international tax community turn their attention to 0% regimes. In January 2021, the EU Parliament passed a resolution requiring the EU Commission/Council to consider blacklisting any jurisdiction with a 0% corporate tax rate or with no taxes on companies' profits. In response to this, the EU Commission agreed to consider this proposal in its subsequent review of the EU Code of Conduct on Business Taxation. There is therefore a question as to the longevity of the zero/ten regime.

This is not something with which to be overly concerned. There are a number of internationally accepted tax regimes that provide tax neutrality. For instance, in recognising the mobility of fund capital, many onshore jurisdictions provide exemption to domestic taxes for investment funds. Indeed, even though funds in Jersey are subject to tax at 0%, our system still has a fund exemption.

In addition, there is the concept of foreign source income exemption, which is used by a number of jurisdictions including Singapore, Hong Kong and Gibraltar. Such a regime, when coupled with certain conditions, including economic substance rules, provide exemption to tax on income arising outside of the jurisdiction.

I am therefore confident that despite any future changes in international tax standards, the Jersey financial services industry will continue to flourish, with tax neutrality being one of its main value propositions.

Naomi Rive
Group Director and Head of Private Wealth
Highvern

I am a Group Director and the Head of Private Wealth at Highvern, an independent private wealth, fund and corporate administrator. Highvern has operated within Jersey since 1969 (it was part of Coutts & Co prior to a management-buy-out in 2016) and, as a result, has witnessed a great deal of Jersey's development and transformation as a finance centre. My own career in Jersey started in 2000 when I returned home to Jersey having qualified at the English Bar. I spent the first six years of my career working in the litigation department of Ogier focusing predominantly on trust disputes but also cutting my teeth on a wider variety of civil and criminal court work. I subsequently moved to Appleby to focus on non-contentious wealth structuring and became a partner in 2010.

The quality of the legal work in Jersey was the thing that first attracted me back to the Island in 2000. The reputation Jersey has for robust legal structuring based on modern and enabling legislation, backed-up by a highly effective judiciary, continues to draw great business and professional talent to the Island. I have been privileged to work on a number of Jersey Finance's working parties over the years focusing on the laws relating to trusts, foundations, charities and family offices to name a few. Discussions at working parties meetings always sought to strike a balance between commercialism and upholding the reputation of the Island. Flashy new products were rarely on the agenda even when other jurisdictions bandied theirs about. Instead, we fine-tuned legislation and ensured it remained fit for purpose; always balancing the interests of competing stakeholders and striving to achieve absolute clarity. The fact that, along with many of my contemporaries, I was trained by or studied alongside current and past members of the judiciary hopefully stood us in good stead when helping to shape the laws that we operate under on a daily basis. Also, as Jersey continues to be the jurisdiction of choice for many of the UK based and international professional intermediaries that I work with, it appears that the substance over form approach was a sound one. We also continue to see many jurisdictions look to Jersey law when introducing or updating their own legislation – the foundations law, data protection and economic substance have all been examples of this. When the English trusts law is next updated I am confident there will be some familiar features.

What I did not know when I first returned to Jersey, was that the Financial Services (Jersey) Law 1998 and the Proceeds of Crime (Jersey) Law 1999 had recently come into force. There were a lot of other things I didn't know either – including what a discretionary trust was – but these laws represented a turning point for the Island in terms of its commitment to regulation and combatting financial crime. Following the September 2001 atrocities this only accelerated, with terrorist financing also now a key focus. As a result, it is fair to say that my career has operated entirely through a regulatory lens. So much so that it has become second nature to view client files from the perspective of the regulator; always questioning how a transaction or structure might be viewed by the JFSC and what regulatory and reputational risks it might hold. The fact that so many people now operating within financial services share the same regulatory compass is one of the principal reasons I believe Jersey has continued to thrive and attract such high quality international work. It does however mean that I have no stories, save for those that have played out in the courtroom, of suitcases filled with cash, dummy settlors or aggressive tax schemes. I'm pleased to say such practices are an enigma to the finance industry I know. We should never be complacent however and the extensive work undertaken for the National Risk Assessment and the upcoming MONEYVAL visit, all evidence that this is far from the case.

COVID-19 has opened our eyes to a new way of working and perhaps this is where Jersey needs to focus its attention next. Remote working, paperless transactions, digital due diligence and 24/7 access to real-time data are all areas for focus. Our clients increasingly insist upon rapid, out of hours, turn-around times. This is often driven by the nature of their own underlying investments and business interests and, if Jersey is to continue to be competitive, then we will need to respond to these demands. Other jurisdictions who have emulated Jersey in the past are making massive investments in these areas and keeping up with the pace won't always be easy. It is essential though if we are to continue to be a market leader over the next 60 years; and I have no doubt we can do it if we put our minds to it.

Ben Robins
Partner, International Practice Group Head, Jersey Office, Mourant

I made the best decisions of my life in 1997. I decided to return to Jersey having qualified as an English solicitor. My then-girlfriend, now wife, also qualified in early 1997 and we returned that summer, taking up positions with local law firms, in my case Mourant Ozannes. I also asked Sarah to marry me and happily she did in August that year.

So I write this piece with the benefit of almost 25 years of experience working in the leading-edge finance industry of a brilliant Island, with a leading-edge firm and with a leading-edge wife. I've been very fortunate.

From 1997 my practice gravitated towards investment funds work. The change I have seen in this area of the finance industry has been enormous.

My initial funds work related to Jersey recognised funds – complicated beasts promoted by banks and financial institutions, designed for sale to UK retail investors. Soon I was working on closed ended fund structures too - Mourant was heavily involved in the development of Jersey's closed ended funds industry from the early 1990s, when the first Jersey domiciled European private equity, buy-out and VC funds were created. At the same time, the use of Jersey open and closed ended fund structures to hold UK real estate assets was increasing. The more widely offered structures were regulated under the Collective Investment Funds Law and the private funds regulated as 'COBO only' funds under the Control of Borrowing Order. For a fair period of time, most Jersey fund structuring stayed within those familiar tramlines, with external factors having little impact.

As the EU's UCITs product gained traction as a brand, the use of Jersey retail fund products started to wane but that loss was hardly felt as we benefitted from rapid growth in the global alternative asset management industry, with Jersey deriving increasing volumes of business in the professional and institutional investor market across private equity, venture capital, real estate, hedge, debt, credit and infrastructure and within sub-sets of those asset classes.

Our regulatory infrastructure has shifted over time to accommodate those emerging structures, recognising that professional investor products warrant reduced regulation. Fast-track expert funds, eligible investor funds, very private funds, private placement funds and, more recently, Jersey private funds, have emerged as appropriate products of their time and have stood us in good stead.

However, global regulation has steadily tightened and has had to be assimilated as various international acronyms have borne down on us: AIFMD, FATFA, FATCA, CRS, MDR, SFDR …and so it continues. Service provider regulation has tightened as the Financial Services Law emerged in 1998 and regulations reflecting international norms have developed beneath its regulatory infrastructure. Happily, our long-standing local management model has recently seen the smooth assimilation of new OECD/EU economic substance requirements.

I have seen the provision of administration of Jersey funds grow out from the specialist local arms of global banks and financial institutions, to reflect the historic involvement of some larger law firms providing fund administration alongside their trust and company administration offerings and then the rise of independent, specialist fund administration firms emerging across the Channel Islands and establishing genuine global reach. Fund administration has become an increasingly important Island skill set, with role variety within administration widening to include compliance, tax reporting and IT development.

Against that backdrop of constant change, Jersey's success and resilience is evidenced by the fact that fund assets under administration stood at £410 billion in Q1 2021, an all-time high. What an incredible statistic to mark the 60th year of Jersey's tenure as a successful international finance centre.

Throughout, political and regulatory policy has been set to encourage high quality business – a smart long-term strategy to maximise global market access as external commentators have sought grounds to marginalise international finance centres. The influence of the late, brilliant, Colin Powell in this area cannot be ignored.

For the last 20 years, that growth has been supported by the excellent work of Jersey Finance Limited (JFL), which has played a crucial role in protecting our reputation, acting as an early warning system for in-coming international regulation, galvanising industry responses, preparing authoritative reports evidencing Jersey's positive value to global commerce and promoting our offering on a wider global stage.

One of the most fulfilling elements of my career has been working alongside great people in my own firm and other Jersey businesses, plus those in Government, the JFSC and JFL, to debate and develop new products, regimes, laws and regulations and to react smartly to capture new opportunities and adopt external requirements. That willingness of stakeholders to come together to further the interests of the Island we love is hugely valuable, a genuine strength and will continue to stand the Island and all who work in this industry in good stead in the years to come, whatever challenges we face. Happy Anniversary.

Mike Sunier
Managing Director
Crystal Public Relations

Whilst Jersey’s international financial services industry has undergone a major transformation in the way business is conducted during the last 20 years, so too has the way we communicate the merits of Jersey’s largest industry.

My agency team and I have worked alongside Jersey Finance since the very beginning, handling media relations and writing a complete range of content throughout this period of change.

When Jersey Finance first emerged, the public relations focus was on writing press releases, contacting and meeting business journalists in Jersey, London and beyond and encouraging them to write accurately about the industry and its specialist services. The production of printed material was among the priorities to give the industry Members access to a range of written documentation highlighting the industry and its strengths. Those basic communication principals remain, though they have been augmented in a way that few could have imagined in the early years of the new century.

Ahead of the creation of Jersey Finance, bodies such as the Jersey Bankers Association and the Jersey International Finance Association, which was composed of senior members of the finance industry, would take a lead where they could and – thanks to my earlier PR experience working in the City of London – I was recruited to provide advice. However, PR tended to be reactive when industry comment was required.

In most of the 90s, there remained considerable opposition locally to any form of proactive promotion of the finance industry, as 'Keeping our head down' had served the industry well in the formative years and some in government, believed that should remain the case. The Edwards Report of 1998, a UK government review of financial regulation in the Channel Islands and Isle of Man was a turning point. Whilst it was a largely positive outcome, it was evident scrutiny would continue and that a dedicated body was required to inform and promote the industry to key influencers, regulatory authorities, decision makers and journalists, many of whom had at this time little understanding of Jersey as an 'offshore jurisdiction'. The Edwards Report also recommended that the Jersey regulatory authorities should refrain from promotion of the Island and that a separate body should be responsible. Later in 2000 the OECD would place Jersey on a list of so called tax havens, news which appeared on the front page of the *FT*, further highlighting the urgency for Jersey to gets its message across where it mattered.

The Jersey Finance marketing and PR programme began by targeting our biggest market which was London and a first conference showcasing Jersey's finance industry took place as early as 2002. Hundreds of delegates attended presentations, break-out sessions and a sit-down dinner, a complex arrangement in event management for a small four-member team to pull off but they managed it. We invited London based private wealth, funds and specialist trade media to attend and interview our leading representatives, a process that continues at events into 2021.

It was soon necessary to become more ambitious and reach out to some of the international markets where business was being sourced. As the visits hosted by Jersey Finance grew and offices were opened in key markets, the communication requirements with the media in those regions grew also. Meanwhile, technology was revolutionising the media landscape. In the first decade of the Jersey Finance era, there were at least seven printed international publications devoted to the offshore financial services industry. Most have disappeared completely, though a couple evolved from printed editions to digital only. More specialist titles covering a much wider industry sector such as funds, banking and private wealth have survived in both print and online.

Alongside this, many editors and publishers at media titles who previously would accept opinion type editorial on topical issues realised that there was a revenue earning opportunity if firms and organisations were encouraged to pay to place content, the result being the growth in advertorial or sponsored content, a tactic that Jersey Finance has embraced in recent years to convey its message in the key finance publications globally.

Simultaneously the whole new social media environment has created a series of new platforms for news and comment, while sophisticated upgrades to websites has enabled organisations such as Jersey Finance to post increasing amounts of content in support of their events programme. One of the commercial impacts of the pandemic has been investment and greater reliance on online communication and I cannot see that focus diminishing, even when physical events become the norm again.

Jersey Finance was in many ways a pioneer both in its formation and its communications strategy. One indicator of success was that it was not long before competitors followed suit creating their own representative body. Yet few I would suggest have embraced the proactive nature of the communication sector to the extent that the Jersey organisation has and, crucially, whatever changes have emerged on how information is conveyed, Jersey Finance has shown a commitment to communicate as effectively as possible throughout the last two decades. And while we celebrate the finance industry 60-year milestone and Jersey Finance's own 20-year anniversary in this landmark year, the Jersey Finance team continues to strengthen and adapt their communications output in response to the requirements of a media marketplace now firmly heading into a fully digital future.

Haydn Taylor
Managing Director,
Ravenscroft in Jersey

I started my career in the finance industry in Jersey briefly with what was then the National Westminster Jersey Trust Company, later Coutts, in the early 80s. Since a young age I had always been fascinated by the stock market, no doubt as a result of numerous school runs in the company of Derek Maltwood who later became the senior partner of the next firm I worked for, Trevor Matthews and Carey, one of two local stockbroking firms along with Le Masurier, James and Chinn, both based in Broad Street.

I joined 'TMC' as an assistant to partner Neil Dangerfield, a professional association that was to last over 20 years, during which time I was able to learn a great deal from his analytical and practical approach to investing, not to mention an unflappable approach to life honed no doubt from his days as a successful gentleman racing driver.

This was an exciting time to enter stockbroking which was in for a period of considerable change having been mired in tradition and somewhat restrictive practices, including fixed minimum commissions and the enforced separation of stockbrokers and stockjobbers. Foreign membership of the London Stock Exchange was also prohibited which seems incredulous by today's standards. 'Big Bang' in 1986 changed all of that and had a large impact resulting in many old firms being taken over by bank owned institutions with the partners of Trevor Mathews and Carey selling to Security Pacific owned Hoare Govett. Trading moved from open outcry on the floor of the exchange to electronic trading and negotiated commissions were introduced. Business boomed on the back of strong markets which saw the Dow Jones rise by 3½ times its value in the five years from 1982 to 1987, perhaps not surprisingly ending on Black Monday with falls of 20-40% not uncommon in global markets.

Neil and I subsequently started Brown Shipley Stockbroking in the late eighties carrying on our long association and I took over from him as Managing Director of what by then had become Standard Bank Stockbrokers, part of the Standard Bank of South Africa Group in the early 90s.

Undoubtedly the success of Jersey's finance industry – and largely the trust sector – in attracting business from all over the world contributed to our own group's success locally, providing us with significant investment management, trading and banking opportunities. As part of one of the largest South African banking groups, we also saw enormous opportunity in South Africa as the country opened up in the mid-nineties, necessitating considerable travel to the region to promote our services, something new and exciting for a team who had until then focused largely on local business, indeed it became a well beaten path by many members of the finance industry across the sectors as they too responded to the opportunities.

Having joined Ravenscroft to head their Jersey business eight years ago, I have been fortunate to join forces with Jon Ravenscroft who has had a longstanding and successful career in Channel Islands stockbroking, with a particular interest in local investment. Our paths first crossed trading shares in local companies such as Ann Street Brewery and Le Riches and to this day the group has a strong focus on local investment acting as broker to listed companies such as Sandpiper and providing local investment opportunities through a range of specialist Channel Islands funds, in addition to the provision of investment management and trading services amongst others. What started as an entrepreneurial stockbroking and investment management business 15 years ago has now evolved into a very well-established investment services group administering assets of over £7.75 billion, predominantly for Channel Islands' residents and finance industry businesses.

Ravenscroft is well positioned to continue to benefit from the success of the finance industry, providing investment services to a wide cross section of the industry, whilst also focusing on local private clients across the wealth spectrum who themselves, for example, might well be investors in our commercial property vehicles, which house finance industry businesses.

We work closely with our professional clients to help them develop their business whilst also adapting to changing client and regulatory demands, most recently in respect of socially responsible investment with Ravenscroft having become a signatory of the 'UN Principles of Responsible Investment' in 2020.

The Jersey finance industry is of paramount importance to us as a group and we believe that the industry will continue to adapt to the ever-changing business environment, which it has done so successfully over the last 60 years and for which it should be justifiably proud. Quality of service and regulation need to continue to be of the highest standard, whilst Jersey's reputation for innovation will also be key as business from more traditional sources becomes scarcer and shifts to new markets.

Whatever the future holds, we look forward to the continuing success of the Jersey finance industry founded with great foresight all those years ago and developed by some outstanding professionals over the years.

Jackie Videgrain
Vice President and Chief Risk Officer
Butterfield Bank Jersey Limited

I started my career in Jersey's finance industry in 1985 at the tender age of 16. I am extremely proud and excited to be on the journey with Butterfield, as it continues to develop its presence in Jersey and the Channel Islands more broadly and to be able to share in its success story.

During my 36-year career, I have seen Jersey grow, adapt and develop as an international finance centre, enhancing its reputation to where we are today, consistently ranking in the top 30 Global Finance Centre Index. The industry continues to maintain its outstanding reputation in terms of stability, quality and innovation and Jersey Finance is integral to supporting this with investment, insight and forward thinking.

When I began my career, finance was historically an industry founded by men, run by men, with products created for men. Starting out in treasury and broking, it was a male dominated arena and I was the only female in that sector for a number of years. I took up golf and developed an interest in rugby in order to attempt to maintain a level playing field. Fast forward 30 years and thankfully gender equality is more recognised. The balance is being addressed and women now have a seat at the table because of their experience, knowledge and performance and not because of their gender.

I have seen the Jersey finance industry evolve into a diverse sector where gender equality, unique cultures and backgrounds are actively encouraged. This diversity creates fresh and creative ideas, which is intrinsically important and fundamental to future growth. Companies that encourage diversity are more likely to perform better, strengthen customer relations and attract and retain talent.

During my career, among other things, I have seen the exchange of European legacy currencies into the Euro, Year 2K, the Financial Crash (2008 rather than 1929) and the COVID-19 pandemic. All of these major events have instilled the need to adapt and embrace change. We have to be flexible and understanding as employers, employees and industry leaders.

In Jersey, Butterfield is a tight-knit team of individuals who work together to create something we can all be proud of. Our core values of empowered, approachable, collaborative and impactful, reflect our beliefs and guide our approach with both clients and colleagues. We have leaders who are passionate, who encourage ideas and embrace inclusivity. A top-down approach only drives completion not commitment and we want our staff to feel listened to, understood and valued.

The evolution of Artificial Intelligence (AI), technology and fintech services have changed the way we work, communicate and live. I firmly believe that understanding and embracing these advances is key to our success in an increasingly competitive environment. It is now obvious that the accelerating pace of technological change is the most creative force in driving future developments. There is a greater expectation with digital technology.

We have also seen a huge shift in the transfer of wealth with a younger generation poised to inherit and amass significant family fortunes. For this younger generation and the investment community, the importance of environmental, social and governance (ESG) factors is growing. As an industry, and at a company level, we need to ensure that we have the products and services available to meet these needs. Our role in ESG and sustainability extends beyond the provision of financial services and we all have a responsibility to help create a sustainable global economy. Butterfield takes its role in this very seriously and it forms part of our approach to having a positive impact on the communities in which we operate, for example we are an active partner with local initiatives including the Durrell Community Action and Marine Conservation.

From a personal perspective, the person who has inspired me the most during my career is Helen Hatton, Managing Director at BDO Sator Regulatory Consulting Limited. She has had a remarkable career in Jersey and globally, from Deputy Director General of the Jersey Financial Services Commission (JFSC) to working for governments and regulators worldwide. She is an amazing lady who is engaging on every level and a true inspiration to any young person wanting to follow a career in finance.

I am excited for the future of our industry. I enjoy supporting young talent and believe there is an opportunity for them to have a varied and successful career within the Jersey finance sector. Investment into education is key. If I could give young people starting out in the industry today any advice, I would say always be enthusiastic, be passionate and enjoy what you do. Trust yourself, follow your heart and always try to do the right thing. Surround yourself with quality and excellence. Play fair, work hard and make sure you keep a good work/life balance. At Butterfield we strive to be an employer of choice and provide a number of opportunities offering opportunity and growth to the next generation of future leaders.

The next 60 years of Jersey's finance industry, supported by Jersey Finance, is sure to be just as challenging and equally as successful as the last 60 have been.

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Fintech innovation and digital transformation

BY TONY MORETTA

In an environment that includes a world-class finance centre and some of the world's fastest internet speeds, it is no surprise that Jersey's digital sector has not only embraced fintech but is working with government, regulator and Jersey Finance, to ensure it thrives.

The Island has a history of innovation, and its fintech record goes back to the 1990s, when Nick Ogden, a titan of the tech world, was running the first online shop from the Island and set up Worldpay here in 1997. Most recently, Nick has launched the world's first cross-border liquidity network, RTGS.global from Jersey. A huge vote of confidence in what Jersey has to offer.

While the Island is known for its well-established and well-regulated international finance centre, together with its world class infrastructure, it also makes the perfect test bed and growth environment for fintech innovators like Nick.

Jersey was the first jurisdiction in the world to make 1GB full-fibre broadband available to every home, whilst the network

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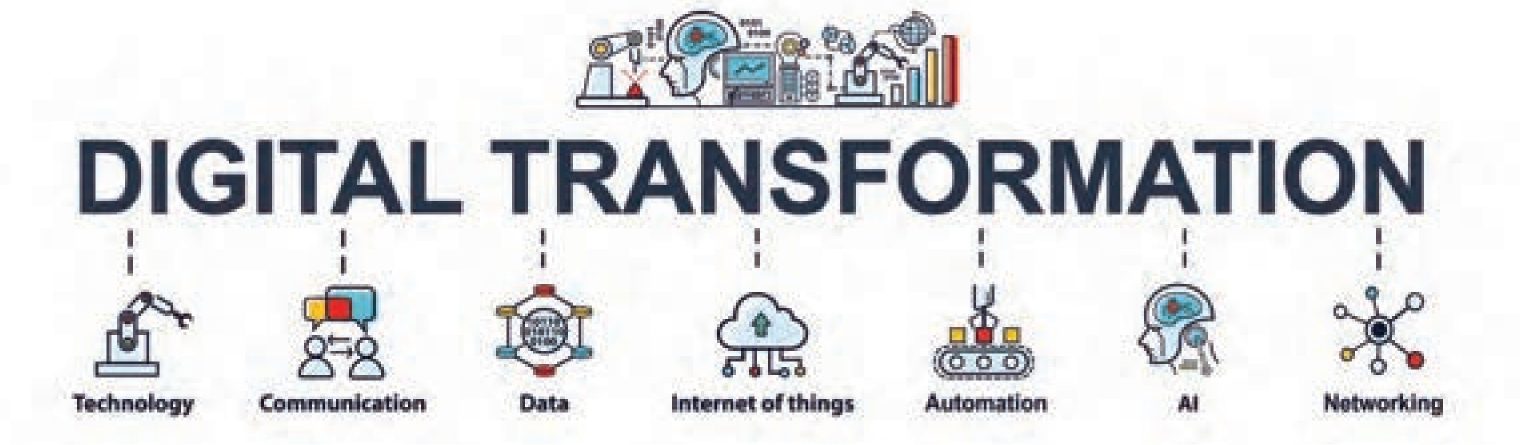


which connects homes and businesses to pure fibre gigabit-speeds, allows businesses to process significant volumes of data at high speed to other global locations. It also boasts three 4G mobile networks and three dedicated Internet of Things (IoT) networks.

As an independent Island, with its own parliamentary system, judiciary and currency, it offers a complete critical infrastructure on a microscale, allowing easy access to key stakeholders such as regulator, industry and government. As a British Isle, Jersey is also closely aligned to the UK and monetary policies are linked to the Bank of England but it sits just 14 miles from the coast of France and the rest of Europe.

Jersey's finance industry has a longstanding global reputation for transparency and excellence and the local regulator – the Jersey Financial Services Commission (JFSC) – has taken a proactive approach to innovation. It is a member of the Global Fintech Innovation Network and in July 2014, approved the establishment of the world's first regulated Bitcoin fund, GABI plc. It was also one of the first jurisdictions in the world to implement a virtual currency exchange regime in 2016. With its forward-thinking approach to emerging technologies, the Island has already built a pool of expert talent and service providers in the blockchain space.

The combination of finance industry expertise and emerging

In July 2014, the JFSC approved the establishment of the world's first regulated Bitcoin fund, GABI plc and in 2016 Jersey was one of the first jurisdictions in the world to implement a virtual currency exchange regime. By Igor Faun © Shutterstock technologies' skills is seeing Jersey's digital industry forging ahead with a range of fintech solutions that utilise blockchain and distributed ledger technologies. Proptech, online settlement solutions, e-ID and regtech are already being used in the Island. Local firms have launched data-protection solutions, such as the personal data app, Revoke; and Sandbox projects have included a shared Know Your Client (KYC) and Client Due Diligence (CDD) platform, Mesh ID, which works to make onboarding clients painless and automated, while still allowing the customer to retain control of their information.

Digital Jersey's Sandbox proposition is supported by all key players on Island. The Sandbox initiative allows both homegrown and international innovators to test their solutions on a microcommunity, before scaling up internationally. Offshore internet banking platforms and banking apps have been tested in Jersey, ready to be rolled out elsewhere.

With 13,000 skilled finance workers and over 3,000 people in the digital sector, Jersey can provide the right level of support to fintech businesses. The JFSC supports the Sandbox Jersey initiative to ensure the right balance of regulation and innovation to bring fintech products to market. Digital Jersey has created a research and development space and through the Island's extensive financial and digital networks – plus strong working relationships – mentors and guidance can be found for individuals and organisations working in the field of fintech and regtech.

The Jersey for Fintech initiative has brought the key stakeholders together and work is underway on a new fintech framework for the Island. This will ensure that all parties have one vision, which works within the financial services quality framework and ensures a world-class output. More information on Jersey's Fintech proposition is also freely available at www.fintech.je.

Skills are critical for any industry and no more so than in technology which evolves at such a fast rate. Digital Jersey and the government have invested in a new Digital Academy which is offering free upskilling courses in Artificial Intelligence (AI), data analytics, coding and many more digital skills. We have developed the courses in conjunction with businesses and industry so Jersey can be sure it is growing the right talent. There is a recognition that home-grown talent is essential, alongside collaboration to ensure that specialised skills and digital entrepreneurs are able to come to the Island and enrich the skills pool.

Jersey is getting the recognition it deserves. I recently spoke at the London Fintech Week conference. Jersey and Bahrain have signed a Memorandum of Understanding (MoU) to work together to drive digital innovation across both jurisdictions. In addition, an MoU has also been signed with the New Jersey Big Data Alliance. While entrepreneurs, such as Nick Ogden, travel the world as unofficial ambassadors for the Island, international fintech thought leader, Dave Birch, has been appointed the official Fintech Ambassador for Jersey, validating the strength of Jersey's offering.

In the wake of digital acceleration from the pandemic, cloud-based solutions can only accelerate the need and opportunity for fintech solutions. Jersey is well-placed to ensure it is the easiest international finance centre to do business with remotely in a digital world. In order to do that, it has created the ideal environment for fintech innovation.

TONY MORETTA

Tony Moretta, CEO, Digital Jersey.

Tony has over 20 years' senior management experience across a wide range of digital industries, including mobile, online, broadcast, payments, advertising and data analytics, using the latest technological innovations to develop new revenue streams.

Tony began his career at NatWest on the graduate training programme, going on to spend seven years there and rising to Senior Manager of Commercial Development in their cards business. He went on to work for Visa Europe as Vice President of New Products, where he developed a number of new electronic payment products. He took this interest in innovation to ITV Digital where he was Director of Interactivity, followed by senior positions at the National Grid Wireless and Digital Radio UK, where he increased digital radio sales from five to 11 million in testing market conditions and persuaded the car industry to standardise it in all new models.

Before joining Digital Jersey, he was delivering a number of projects in the digital space for both the UK Government and major private sector companies and was one of the founders of Weve, a joint venture between EE, O2 & Vodafone in mobile marketing, payments and data analytics.

As CEO of Digital Jersey, Tony is delivering the organisation's long-term economic, social and reputational objectives together with meeting annual business plan goals, to develop Jersey as a recognised digital jurisdiction.

The reality of digitalisation in Entity Governance

By Rolf Heemskerk

DIGITAL has become quite a buzz word in Jersey's financial services sector. Whether that be our advanced approach to fintech or adoption of automation, Viewpoint often lead. Digitalisation in the sphere of Entity Management, translates into a shift in business processes to use digital technologies, constantly searching for and creating greater efficiencies.

As evidence for this we can turn to one striking example. The Jersey Financial Services Commission (JFSC) announced in September last year, a change to the earlier published timelines for Jersey to switch to electronic only filings submitted directly to the JFSC portal. That commitment is quite an endorsement of this shift to digitalisation, recognising the trend, and from a leader in the international finance sector. It makes the important point that Entity Management is an example of going digital being recognised as a progression to more effective working, and the JFSC is to be lauded for continuing to be at the forefront.

Digitalisation has provided a pathway to dedicated niche solution such as Viewpoint, to offer service providers, and clients, not only secure relational database systems but also the ability to integrate the previously disparate parts of an organisation, such as compliance, billing and accounting, into a single platform.

For an international finance centre such as Jersey, Entity Management has evolved into a highly specialised professional service that underpins many of the other financial and legal services available to Financial Services firms. SaaS, or Software as a Service, is one standout example of the benefits of digitalisation. SaaS solutions are those hosted on the Cloud and technically managed by a software provider such as Viewpoint, the only entity management solution in the offshore space that offers SaaS. Going digital here means global environment accessibility; scalability with security and business continuity. Alone this makes a strong case for digitalisation.

For clients, a capable digitalisation solution opens the door to a vast array of value-added benefits, an area in which Viewpoint already holds vast experience that includes efiling: AEOI (CRS & FATCA); Economic Substance, Owners & Controllers, DAC6, and UK Forms. In addition, a state-of-the-art entity management solution offers extensive data validation verification tools to further increase accuracy.

With the introduction of BPM and automation, the latter introduced because it has tangible value, it is possible to achieve very high-level degrees of consistency on all aspects of business, both in terms of quality and service delivery timeliness. Consistency brings fewer errors, reduces risk and, in turn, promotes improved client satisfaction.

The use of digitalisation also enables once laborious tasks to be done in a fraction of the time. This means that from the completion and submission of a statutory form, to the sending of thousands of reminders to clients, success is just a few clicks away and includes automated processes that significantly reduce human error.

With the right partner the digitalisation of Entity Governance is not science fiction, the benefits are available today with Viewpoint.

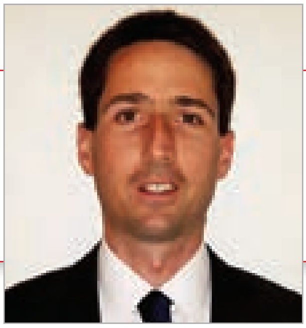
ROLF HEEMSKERK

Managing Director
Viewpoint Software for Business Ltd.

Rolf founded the Company in 1994, with the sole objective to develop, support and market administrative software solutions for multi-jurisdictional entity management (statutory, compliance, KYC, accounting, valuations, document management, client relations, practice management).
Over 25 years later, Viewpoint is leading the way in Global Entity Management.

Jersey Finance Virtual Roundtable 2021

PARTICIPANTS:



ALEX WRIGHT, EVENT CHAIRMAN, (Business Journalist and former *Insurance Times News* Editor)

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CHARLES MOLTENO
CEO, Standard Bank Jersey

EDWARD MACKERETH
Global Managing Partner, Ogier

JONATHAN FERRARA
Managing Director – Channel Islands, Sanne Group

Alex Wright: ***As we celebrate the 60th anniversary of Jersey's finance industry this year, how have the fundamental factors underpinning its successful development over the years contributed to the way it has dealt with the unprecedented challenge posed by the global COVID-19 pandemic and how essential are they in addressing the challenges and opportunities that lie ahead?***

Joe Moynihan: There are lots of factors that we point to why Jersey has been so successful over the last 60 years. But particularly relating to COVID and indeed post COVID, one of the main factors is around adaptability and agility as an industry.

We have been agile and adaptive over the years, responding to global markets and customer requests. And indeed, that adaptability was critical in ensuring we could continue to provide services to our global client base during the pandemic.

The adaptability of our management teams and staff in the industry was also proven, with their ability to adapt to working from home. In some cases, in challenging circumstances where you had partners both working and homeschooling small kids or in other cases, single people living in shared accommodation. And that adaptability applies right across the industry.

That leads into the resilience of the industry. We had some significant challenges, like most financial services centres after the 2008 financial crisis. We weathered that storm and dealt with the implications and continued to develop our industry. And I think that resilience has again been proven over the years.

Another fundamental factor behind the success we've had to date and was important during the pandemic, was our ability to collaborate. We've worked collaboratively and successfully with key partners, developing new products and services but also with our regulator and government. That has enabled us to ensure we responded to client needs but also to international changes and pressures on the industry.

During the pandemic, that collaboration was key to ensuring that we continued to service our global client base. So we had regular meetings with the regulator and government to ensure that we could respond to industry or client challenges without compromising the high level standards that we are famous for.

Indeed, our Registry was one of the few international registries which remained open for business throughout the pandemic without any deterioration of service.

One of the future-focused points that sometimes gets missed is the strategic view of government. And government has continued to support this industry and indeed the wider Island infrastructure. The fact that we have one-gigabit fibre optic connectivity to every home and business on the Island differentiated us from many of our competitive jurisdictions. The second-fastest broadband speed in the world was a huge enabler for us to continue to service our global client base during the pandemic.

Another factor in relation to our industry is our belief that communities are important and our industry is here to help the future prosperity of Jersey. As an industry, we pulled together with our local community during the pandemic to provide support to some of the sectors that weren't in such an advantageous position as we were. Some sectors were badly hit and that assistance came in the form of providing financial support, expertise, pro bono support and volunteers to help the government and charities.

All of those factors combined have helped to get us to where we are today and have made a major contribution to our ability to continue to support our clients, particularly as we come out of the pandemic.

We are in no doubt that there will be considerable challenges as we move forward. But our adaptability, resilience, and positioning will enable us to weather the storm.

Charles Molteno: Our foundation of stability, good governance and a long and successful track record, enables us to be nimble and responsive. That is something I'm proud to say has been borne out through this crisis.

It's these characteristics that have caused us to be successful over many years, have allowed us to respond to this pandemic and will equally enable us to respond to anything else that might come along.

Alex Wright: ***What have been the biggest emerging challenges concerning finance, tax, regulation and legislation over the past 12 months, how have you sought to really address them and what opportunities should Jersey's financial sector now be looking to capitalise on?***

Martin Moloney: Over the last 12 months, we have engaged in a significant capital investment programme to develop our IT infrastructure and prepare ourselves for the future.

This is an environment I see not only at the regulator but across many companies on the Island in the financial sector. It's important to note that these sorts of investments are not done easily or quickly – anyone who has been involved in the operational management of these programmes knows there are high risks attached to these investments. This development across the Island is a positive step forward for Jersey and the resilience of the Island.

At the JFSC, we've had some significant successes in terms of our two platforms for industry, both of which we have replaced. We have completely restructured our back-office workflow management systems, both on the regulatory and Registry side. And we did this while COVID-19 was in full flight. We've seen similar kinds of activity and ambitions in firms across the Island, taking the opportunity to invest during this period of downtime.

Another factor which is going to preoccupy us over the next two years is the investment we're making as an Island in preparing for the MONEYVAL assessment. We actually started the preparatory work for this back in 2018 and it is now well developed. We know what legislation we need as an Island, what we have to do as a supervisor and what engagement we need with Industry.

Be in no doubt that we are going to be well placed to deal with this assessment, just as we have been to deal with COVID-19.

Edward Mackereth: As an international firm with a presence in several IFCs, our user experience of Jersey has been good over the last few years. And the last year has been consistent with that.

Some of our competitor jurisdictions have been scrambling to build up their regulatory framework, putting them on the back foot, whereas in Jersey, we've been consistently in the leading pack.

In terms of the challenges overall, the pace of change and uncertainty is a big one. It feels like we are at a global inflection point and governments around the world are having to make big decisions on how to manage their economies and their fiscal burdens for the next five, 10 and more years. So the next year to 18 months is going to be interesting. Both the finance sector and the Island as a whole need to be ready to present world class pathways to opportunities that present themselves.

As far as opportunities go, most likely to come out of this inflection point is the belated realisation that no matter what businesses we are in, we all have a responsibility to the planet which we can't put off any longer.

The Jersey Finance 2030 vision for the Island to be recognised as the leading sustainable IFC in the markets it serves is a great initiative and the two-year pathway to success is a good set of quick wins. There is an absence of globally recognised environmental standards and practices and we could play a part in developing a global sustainability framework, weaving that successfully into the wealth management sector.

There's also a part to play for government as well. The fibre-optic connectivity is a good example and we can do equivalent work in the environmental space to help make our Island a beacon of sustainability.

A concerted effort by Jersey government, harnessing inward investment, to have a world class approach to tech and sustainability, would send a powerful message in combination with what the finance industry can provide.

Alex Wright: ***Brexit has remained a big issue as well. With many of the reported teething problems following the UK's new trade rules with the EU coming into force on 1st January 2021, what has been the impact on Jersey's finance industry and the wider economy and what has been done to mitigate the situation?***

Charles Molteno: From a jurisdictional perspective, one is tempted to think that we were fortunate and still are, due to limited impact on us. But, to be fair, this does belie a very considered and proactive approach.

Being independent with a global strategy has served us well and continues to do so. The fact that we encapsulate these qualities in our focus and approach has largely shielded us, I believe.

That's also one of the key factors that appeals to our clients as well. They know what they're getting and the benefits to be had from it being an independent and stable jurisdiction. This has served to protect us and our clients during this period of turmoil that has resulted from the new trade rules.

With finance being such a significant player on the Island, that has been a benefit in terms of being able to shield us against the impact. The fact that we have a large finance sector which contributes meaningfully to our economy and has been resilient throughout the changes from Brexit has served us well and will continue to do so.

Joe Moynihan: From Jersey's perspective, financial services has never been part of the EU market and we've always been a 'third country'.

Many years ago, through a combination of industry, government and regulator working together, we established third-country equivalence with ESMA. And the relationship between our regulator and Europe is good and has served us well.

As a consequence, we've been in a position to negotiate our own bilateral agreements, meaning the vast majority of our industry can continue to operate as before Brexit. The relationship with the UK hasn't changed. So it's business as usual.

Our stable political and financial environment has helped us to attract investors. That's also because our position wasn't going to change post-Brexit. So certainly that has helped us from both a profile and Brexit point of view.

Government continues to deal with some of the other challenges that we have faced due to Brexit. But from a financial services point of view, we're in a good place so far.

Alex Wright: ***Another big issue on the horizon obviously is tax. If given the go ahead, what do you think the likely impact would be of the G7's planned introduction of a***

minimum corporate tax rate of 15% on multinationals, Jersey's finance industry and the wider economy?

Edward Mackereth: This is an incredibly complicated subject and, at the moment, there isn't enough certainty to know exactly what the future will hold.

But fundamentally, as with all things related to IFCs, we adapt and change and move forward, like we did with economic substance a few years ago. We don't see the new tax proposals as an existential threat to Jersey or any other well-regulated IFCs in their current form.

The best outcome would be a single global deal. And it's a good sign that the EU has agreed to hold off from trying to impose its own unilateral solution, at least until October.

The main targets here are very large tech companies, which is not a major focus of our finance industry. And with banking, funds and private wealth in Jersey, which have appropriate levels of transparency and substance, there's no reason why they shouldn't continue to flourish and be the mainstay of our finance industry.

The OECD and the US seem to understand the role of tax neutral jurisdictions for collective investment schemes, for example. There is always going to be a need to efficiently channel flows of investment. Jersey is effective at that and has an incredibly skilled workforce that can add real value. And we're going to be able to compete on this basis.

Joe Moynihan: The devil will be in the detail. The proposal now for Pillar Two aligns closely with our existing model, particularly around substance and BEPS. And don't forget the European finance ministers in 2019 confirmed Jersey's position as a tax-compliant jurisdiction. So from that perspective, we're in a good place.

The funds sector has been recognised and, as a consequence, is exempted. That's important given that we manage or administer in excess of $500 billion in the funds area. And that capital goes to work around the world. What we do is provide a stable, straightforward platform.

Any reforms have to be implemented on a level playing field and balance the interests of small jurisdictions as well as large ones and developing countries as well as developed countries. This has a long way to play.

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Alex Wright: ***Why has Jersey's funds, trust and family office offering weathered the current COVID crisis so well, which areas have experienced the strongest growth and what are your thoughts on the prevailing trends across SPACs, SRI, ESG and private equity, particularly with the growing interest from high net worth individuals?***

Sarah Bartram-Lora Reina: We were able to move quickly to working from home. And it was very much the message, we're open for business: to our clients and intermediaries, so we could respond quickly to their needs.

Then from the perspective of our clients themselves, the pandemic made them more aware of their own mortality. So they focused more intently on their wealth and estate planning. And, perhaps where they'd been putting it off, they took the reins with us and either put new structures into place or adapted existing structures.

One reason why Jersey stood out is because of our governance. We're stable politically and have a good legal system. So, their advisors viewed Jersey as a strong, well-governed jurisdiction.

After the initial shock from COVID, actually everyone was quite positive. A great deal of investment from private wealth was made into technology stocks, disruptors and digital healthcare, as well as private equities, particularly by family offices.

Jonathan Ferrara: The fact that everybody working in the finance industry had good access from home and had everything they needed to work remotely, enabled them to make that transition seamlessly.

Secondly, our people are highly trained, know their jobs thoroughly and are able to adapt quickly.

By being able to talk to clients and manage their expectations, we added value to clients who were struggling or needed additional help. So, we were able to forge ahead as Jersey PLC and provide the service levels to clients that we needed to at the time they most needed our expertise.

Thirdly, the culture we've got means that we adapt quickly, providing great service to clients and we'll do whatever it takes to deliver cross-jurisdictional, high quality services.

As companies needed to raise finance, opportunities came in the debt space and we've experienced growth. Also on the private equity side, there was a slowdown in Q2 and Q3 of 2020 but this picked up dramatically in Q4, with record valuations and managers holding high levels of dry powder and an appetite to invest. We have seen an increase in deal activity in the first half of 2021 and this looks set to continue into the second half of the year.

Specifically looking at SPACs, there was an initial flurry of interest, which is dying out now a little bit.

Edward Mackereth: It's today's craze. We can structure them incredibly efficiently but personally I don't think they help the efficient flow of capital.

Having a time limited spending mandate can too easily turn into a supermarket sweep where you're tempted to buy something, anything, before your time runs out. And with the number of entities on the acquisition trail, that's just going to increase prices and distort markets.

I am much more excited by the nexus of private wealth using Jersey private funds, applying ESG principles to SRI and impact investing. That's a good growth area. It also has a high concentration of specialists and skills in Jersey, often linking up with London expertise and using entrepreneurs on the Island. That is already taking off.

Alex Wright: ***How is the finance sector really embracing the global move towards ESG, philanthropy and sustainable investment and what kind of opportunity should it be seeking to capitalise on?***

Edward Mackereth: There is an opportunity now to set the narrative and there will be at least a decade's worth of realignment in the finance industry to get us on track for this. We are extraordinarily well placed with the skills we've got and the access to professionals elsewhere.

There are many companies in Jersey who are turning their attention to this. We headquarter our ESG advisory services in Hong Kong but they are dealing with our Jersey team on a daily basis. That's across the private wealth and lending sphere as well as funds.

And as an employer, this is something which isn't just being driven by markets and appetite. Our employees are telling us that we should be involved in this and they want to work for an organisation which is forging ahead on this as well. We are in the process of signing up to be SBTi to mark our public commitment to meeting or exceeding the Paris Agreement objectives.

If finance businesses in Jersey were to get behind something like SBTi en masse, again, it sends a powerful message to the wider world. And in terms of philanthropy, you can just see how that all fits into the private wealth and the ESG lens.

Jonathan Ferrara: This is a huge opportunity. We're very much in the early days of ESG. As we're seeing regulations developed in Europe and even the JFSC bringing in additional regulation, then we're going to have an explosion of opportunity as we go forward.

There is a great chance for us to lead the way in assisting our clients and investors who are starting to ask all the questions about the managers and the people that they're investing in, to make sure that they can rely on the data that they're getting. There's a lot of talk about standards and data and what exactly are we going to be measuring.

We can provide great service to the funds industry, to our funds, to give them products that they can deliver on so people know they are getting accurate and reliable data. With the knowledge and flexibility we've got in our industry, we'll be able to quickly embrace the services that clients need. Most of the industry is already providing some data and that's only going to grow.

Sarah Bartram-Lora Reina: We've seen our employees from within the trust company businesses driving ESG, such as what can you recycle and how can you plant things that are good for the environment, for bees and butterflies, for example.

Then within private wealth itself, it has been proven that where you have investments that have strong ESG targets or alignments, their performance over the last year has done much better than those that don't. It shows that this really is the way to go.

Recently the regulator has introduced some updates to the legislation around funds, making sure that when you're selecting your investments these are not just greenwashing.

Charles Molteno: I think it's also important to note the other, more subtle, opportunities that an ESG mindset brings.

For one, it allows us to re-engage with our customers and employees and potential employees considering where to build their careers.

Jersey has positioned itself well to do that and have those discussions with customers and employees to attract them to the industry.

It's already playing out and will build momentum going forward. People are increasingly going to want to be associated with these sorts of activities because the broader public conscience is growing. As a jurisdiction, we are positioning ourselves well to take advantage of that.

Alex Wright: ***In which global markets has the finance sector really made the greatest strides over the last 12 months and which are the biggest areas of opportunity moving forward?***

Charles Molteno: In terms of markets globally, the jury is still out. It's a fluid environment and some challenges are still with us, while other areas are further along in the journey. We've still got to see that play out.

One has to acknowledge that there's been a huge negative impact globally. No one has been immune, although some have responded better than others. And not only in the way they've then mitigated the downside but also created opportunity.

You have to acknowledge that all the stimulus that has been helping different markets is going to have to change. And that will bring new challenges and opportunities. Jersey is well placed to adapt to these changes ahead and continue to appeal to and meet clients' needs.

Joe Moynihan: One of the great advantages we have as a jurisdiction is our breadth across the industry. Everybody at the roundtable today is involved in a business that has global reach and spread. Certainly from a macro perspective, the areas we have focused on as Jersey Finance have been in supporting our Member firms and leveraging opportunities.

Now, our key focus is the Middle East, particularly the GCC, Hong Kong and China, with representation in Hong Kong, and in Shanghai and Africa, where we've recently appointed a representative in Johannesburg. We also opened an office in New York in October 2019 to focus on the US market and we continue to focus on the UK and Europe with a London representative.

Strategically, Jersey made a decision some years ago to ensure that we became a global centre. As a consequence, 50% of new business now comes from outside Europe, reflecting our evolution and ability to facilitate global financial flows. So, from our perspective, all of those markets continue to represent an opportunity for us.

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When we opened the US office, our key objective was to focus on Jersey's visibility in the US market, particularly promoting our funds proposition as a gateway to Europe for US alternative investment managers. That was on the back of some promising business that was already starting to happen. And our fund business from the US has doubled in the last five years.

The focus has primarily been on the fund sector but perhaps there is an opportunity for us to expand our scope and we're doing some work on that at the moment. We also need to review our strategy in Southeast Asia and that's ongoing, given all the changes and growth in that region.

And we believe Africa represents significant opportunity, given the amount of wealth creation but also the inward investment Africa needs, which Jersey has the perfect platform to facilitate. This is an area where we have experienced growth and continued interest.

One of the positives from the pandemic is that our global business development teams are now working much closer together than perhaps before, because they haven't been travelling as much and are utilising the new technologies with which we have all become accustomed.

We're also having strategic engagements with gatekeepers where representatives from their various offices around the globe and our representatives meet together. That means there's a much broader view of Jersey and its capabilities than might have been the case previously.

Alex Wright: ***It has been said, in fact, that many industries have advanced technologically by 12 years over the past 12 months alone during the pandemic as businesses have been forced to adapt. How is digital innovation and product development shaping the Island's finance sector?***

Sarah Bartram-Lora Reina: For the private client business, it has propelled us. First, we were doing electronic signatures and had electronic minute books, then we were able to do online corporations. The Registry is going digital. We're asking our clients to fill in online forms, looking to have that efficiency of keying data once so it automatically populates forms for you. So the advancement in the last 12 months has been absolutely incredible.

We have also been doing more online training with private client advisors, so we get to see them more. And also with our clients, where in the past we would have travelled, we're still able to see everybody face-to-face virtually.

Much of that will continue to stay and there will be much more focus, particularly for the private client industry, on taking what we've learnt in the last 12 months and utilising that to be even more efficient going forward.

Charles Molteno: Recent digital advancements have really leapfrogged us. But, fortunately, we've managed to respond quickly by accelerating our digital innovations and got them over the line in short order.

This has also prompted a structural change in the way we'll engage, how we'll innovate and the pace at which we do so going forward.

The advancements we've made over the past 18 months have served us well, although we're focused on how we can continue to innovate more proactively going forward.

We'll take that into the future as we look for opportunities and manage the next crises that will inevitably come our way. For me, digital innovation is a way of managing risk but it's also going to increasingly impact how we leverage new opportunities going forward.

Edward Mackereth: The last 15 months, particularly sped on by tech, has redefined the employee – employer relationship.

For those businesses which have a solid tech platform and an adult-to-adult relationship with their employees based on trust and shared purpose, the last year and a bit has been negotiated well and allowed a focus on making progress on both tech and people issues, redefining the ways people can work with us and doing that collaboratively by consensus and developing tech solutions to fit. So it's not just about the client experience but the employee too.

We should also note the support and collaboration for Jersey as a fintech centre from Jersey Finance, industry and government. That has been invaluable and will pay dividends in the longer term.

To add a darker tone to this, we need to mention the fact cyber criminals have also been locked up at home and have had time to think about how they can innovate as well. Cyber threats are increasing all the time and therefore we need to maintain our reputation for handling client data appropriately and ensuring our suppliers and intermediaries do likewise.

The whole industry needs to be – and is – upping its game on cybersecurity and prevention, detection and recovery. ISO 27001 is only the starting point nowadays.

Making sure that we have done everything possible to deal with the threat of cyber criminals should be the first and the most important element of tech advancement that we all need to be doing and constantly updating.

Alex Wright: ***With an increasing global requirement to demonstrate local economic substance, does Jersey's strong local infrastructure and 13,000-plus finance sector workforce give it a distinct edge over competitor jurisdictions that may not as readily comply with such requirements?***

Joe Moynihan: Back when I worked for the government in 2015, Jersey Finance organised a roadshow in the Far East. And the roadshow title was 'Jersey, a jurisdiction of substance'.

That was before substance had anything like the attention it has had in recent years. So, as a jurisdiction, we've always felt substance was important, that we were always a jurisdiction with real people doing real work. And when it comes to substance, we're in a strong position to offer certainty.

In March 2019, EU finance ministers confirmed that we were a cooperative jurisdiction regarding business taxation. We also have more than 13,500 professional qualified finance workers across all of the sectors.

If you look at the breadth of businesses that we have in our sector and their quality, we are completely different to many of our so-called competitor jurisdictions. We have a depth and breadth of experience across all areas. For example, the Jersey trust business has the highest number of STEP professionals anywhere and we have one of the world's largest STEP chapters on the Island. That level of expertise can be applied across many sectors.

So we have it in terms of the quality and the depth and the breadth of people within the industry, as well as the legislative arrangements in place to demonstrate substance. When the substance requirements became so high on the international agenda, this was not a step-change for us, unlike many other jurisdictions.

Jonathan Ferrara: One of the reasons Jersey has been so successful is that it has leading lawyers, accounting and quality people in various financial sectors to deliver a world class service offering to some of the world's leading clients.

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Compared to our competitors, we're in a strong place. We've got a great regulatory environment that supports businesses and makes sure that we're operating to the highest standards. So, with that, our reputation and all of the industry segments in place, Jersey is well positioned to demonstrate real economic substance going forward.

Alex Wright: ***What is Jersey's finance industry really doing to maintain its reputation as a centre of excellence, to win new business and also to attract and develop tomorrow's next generation of rising stars in its efforts towards greater inclusion?***

Martin Moloney: It's at the heart of what we do. Our investment as a regulator in IT and our Registry won't stop. Once we get these new systems up and running, we will set about comparing ourselves to what's available in other jurisdictions and refining what we're offering on that basis.

We're also in the middle of a process of developing our strategy for the next three years and we will be publishing that towards the back end of the year. This will outline some key new focuses and what we think are pinch points that are important for the future of Jersey.

There are a number of areas where we recognise that we can provide additional guidance that will help Industry get over particular challenges they face with regulatory frameworks and how they work. We have an innovation hub which works closely with Digital Jersey but that's not enough. We need to do more as a regulator to understand the potential for speeding up the adoption of new technology and we will be doing just that.

We have recently put in place an enhanced process internally to analyse new products that come to market. That's extremely helpful because one of the challenges regulators have is assessing what the risks are in a new product and there isn't an accepted analysis of what the risk framework is.

In the last year, we've been able to respond promptly when the regulated sector come to us with new products, sometimes products that didn't exist before in Jersey, often products that are using technology to produce something different and new.

And from a regulator's point of view, that's a difficult challenge. We're in the process of transforming ourselves into a tech positive regulator that aims to support technological change in Jersey.

It's a very big change and one we will do without diluting our standards. We have never moved away from our independence from the promotional process and we won't do that. We'll continue to stick closely to our mandate as a regulator that is there to defend, maintain and support Jersey's reputation.

You can do that while being distant from industry or you can do it while talking closely with industry and engaging with trade bodies and key stakeholders. With a good, open dialogue with a regulator, you can really understand what is being put in front of you and give industry clear answers about the conditions under which they will get approval and which you'll move forward. And once you can do that as a regulator, you can help industry to achieve what they're trying to achieve.

It's important that we look again at some of our rulebooks and see if they are proportionate to the risks that they were initially designed to answer. This is work we are already undertaking.

Charles Molteno: What strikes me is the impact of the robust, forward looking, regulatory framework, which gives a sense of comfort about our current position going forward.

Potential clients and employees need a story they can buy into. And that story needs to be a stable one, authentic and forward looking. Jersey has all of those.

It's crucial to be on point in terms of governance, regulation and sustainability and you need to be proactive in engaging on issues. This means we need to make sure that we're thinking holistically about that opportunity in terms of inward investment and how we can be part of that growth story for clients and the jurisdictions we operate in.

All of these are areas that, as a jurisdiction, Jersey has done extremely well and continues to do well. In terms of attracting entrants to the market, it's something that at industry level is very much on the agenda.

Alex Wright: ***Obviously the COVID-19 crisis has exacerbated the plight of the most needy in society. What work is really being done by the finance sector to continue to support those who've been marginalised by the current economic conditions?***

Sarah Bartram-Lora Reina: From within the finance industry and the trust business, as well as Jersey as a whole, everyone has come together and put their minds to how they could help others in a more difficult position.

So, within the finance industry, employees have either done fundraising events or put part of their monthly payroll aside. And those monies are used either by external charities or locally.

It might be, for example, ringing elderly people to make sure they're okay, baking or delivering food for those in need. So that's from within the business itself.

And then from our private clients themselves with their charitable trusts or foundations, they've really wanted to help too with numerous schemes such as donations for homeless people or where students had to go home and didn't have access to laptops or the finances to buy one, charitable donations were made to help them so they could continue their studies.

Edward Mackereth: There has been a huge amount of informal support at many levels. It has been about having a wider perspective and working together and recognising the impact that we have on our community. We've got some way to go in the finance industry to solidify that but there is a sea change.

Again, it comes in part because of employee expectation. The skilled people we want to work for us are in high demand, so we have to provide them with an engaging experience which encourages them to work with us. And that chimes with our own desire to give back and play an active part in the community.

Joe Moynihan: We did a lot of work with government on behalf of the industry at the start of the pandemic. For example, Jersey Business was supporting lots of businesses in retail and hospitality, trying to help them understand the legal position, say, on the employment side or with business planning. Many of our Member firms volunteered to provide pro bono services to help Jersey Business support those sectors.

There has been no shortage of goodwill by the industry both at an individual employee level and business level, where people have volunteered to help in all sorts of different areas and financially as well.

Alex Wright: ***What is your general view of Jersey Finance's performance over the past two decades and what plans are there in the pipeline now for this coming year or so?***

Joe Moynihan: I've been in this role at Jersey Finance for just about two years and three months. I was very proud to take the role because Jersey Finance has been a tremendous contributor to the success of the Island's financial services industry.

And that is down to many different people and stakeholders. As an organisation, we've had a high quality of staff and continue to do so. They do a fantastic job covering a broad range of areas.

We've also had tremendous support from Member firms. This input is given for free and it's consistent right across the industry. We've also had a great amount of support from government, both financially and with regard to policy and support for the international development of the industry. So, Jersey Finance's success is down to a host of different people and organisations.

From an international perspective, we have a strong reputation. We are award winning in terms of IFCs. We are also now much more of a global organisation, as indeed the industry is. And that's down to the collective efforts of Members, gatekeepers, partners, the regulator and government.

So, we're in a good place. Of course, there are going to be plenty of challenges coming down the track. But there are also opportunities. And if you look at our track record around adaptability, agility and resilience, we're in good shape. To date, we in Jersey have done a really good job. So I have every confidence that regardless of what comes at us, we're in a strong position.

Sustainability is probably one of the biggest issues facing us over the next eight to 10 years. But we have kicked off with the right approach. And again, with tremendous support from industry Members, the regulator and government, we are moving towards our 2030 vision. We will continue to do what we've done over the last 12 months, pushing the Jersey reputational message, continuing to produce what we hope are relevant and insightful thought leadership pieces about trends that will help our Member firms.

Hopefully, before too long, our business development team will get back to having face to face meetings with our global network and we'll start to run some live events. We will continue to broaden relationships in the key markets that we have. As a jurisdiction, we have to ensure that we remain competitive and at the leading edge. A digital positive approach is going to be key in that regard.

And we will be working with our Member firms to ensure that we're getting the message across to potential clients and employees about the opportunities within financial services.

Martin Moloney: Jersey's formula for success over the last 20 years has had four pillars. Fiscal and political stability is number one. Tax neutrality is number two. Compliance with international standards is number three. And the fourth is a skilled, substantial labour pool. This is the long-term story that we have been selling to investors.

What has always struck me about Jersey Finance is the intensity of its commitment to that long term strategy. That reflects an approach that has worked really well for Jersey because it has not only set us up for the last 20 years but it sets us up for the next 20 years when we have to slightly adjust and alter those pillars.

Jersey Finance has also been respectful and supportive of the independence and stature of the regulator because it understands that it's part of this successful formula.

The fact that Jersey Finance works to bring together people in the industry, to discuss and work through issues as they emerge and to put views to ourselves and government, as well as being out there looking for new business, means that it's an exceptional vehicle for promoting Jersey.

The separation of powers and roles between Jersey Finance and ourselves is a sign of a jurisdiction that is profoundly orderly, constructive and stable. That is hugely attractive for the wise investor who takes a long term view.

Note: From 17.09.21 Jill Britton has held the post of Interim Director General, JFSC.

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Meeting private client requirements

BY ALAN BINNINGTON

Jersey is no stranger to providing financial services for private clients. In 1817, when the population of the Island was around 28,000 there were 61 bankers in the town of St Helier and some 35 in the country parishes, most of whom issued their own bank notes.

They were however principally serving the local community. Income tax, at a rate of 2.5%, was introduced in 1928. In the 1940s the rate was raised to 20%, where it has remained ever since. As post-war governments in the UK began to increase taxes, Jersey's low and stable rate of tax began to attract wealthy individuals to settle in the Island.

The decision in 1961 to repeal a law dating from the 18th century that limited the rate of interest charged on loans to a


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maximum of 5%, made the Island more attractive to non-resident banks and their clients and is generally taken to be the date when the Island's modern finance industry began. It was in that year that a City merchant bank, M (Hill) Samuel opened a branch in the Island, closely followed by Kleinwort Benson and Royal Trust Company of Canada (predecessor to RBC) in 1962. As more banks sought to obtain permission to open in the Island, the government soon decided – with a view to protecting Jersey's reputation – to limit the banks licensed to open in the Island to those ranked in the top 500 globally and who were regulated in their home jurisdiction.

During the 1960s and early 1970s the services provided to non-resident private clients were principally banking and corporate services but during the late 1970s trusts became an increasingly popular vehicle for holding family assets and enabling the orderly transfer of wealth from one generation to another.

Although an increasing number of Jersey trusts were being created and the Jersey courts were recognising them, there was still some doubt as to whether a Jersey-law trust was valid given that the origins of the Island's legal system lay in the ancient customary law of Normandy – a jurisdiction in which the trust was unknown. In order to place the matter beyond doubt, the Trusts (Jersey) Law was passed by the Island's legislature in 1984, providing a clear and modern framework for the creation and use of trusts governed by Jersey law. The 1984 law was the result of a collaborative process between government Law draughtsmen, local trust practitioners and external academics and was a model that was subsequently followed by a number of other jurisdictions.

The 1984 Law has not remained static and is subject to regular review by a group of industry practitioners, unsurprisingly called the Trusts Law Working Group, who recommend amendments that are felt necessary to ensure that the Law continues to meet the changing needs of the industry's clients. Amendments that have been made since the Law's inception include permitting trusts of unlimited duration provision for powers to be reserved to settlors, the introduction of non-charitable purpose trusts, the ability for the Jersey court to set aside transactions on the grounds of mistake and provisions protecting trusts from purported variation by foreign courts. One of the key factors in enabling the finance industry to develop has been the willingness of government and regulators to work with the industry to ensure that relevant legislation and regulation is up to date and fit for purpose.

Having a modern and comprehensive trust statute is of little value if the court system is unable to deal with cases in an efficient manner. Over the years, Jersey has gained a reputation for the high calibre of the judges of the Royal Court and their expertise in dealing with trust and corporate law cases. Appointments to the Jersey Court of Appeal are in general made from the ranks of Queen's Counsel from the bars of England, Wales and Scotland and the quality of the appointments to the court is demonstrated by the number of its members who have subsequently been appointed as English High Court judges, judges of the English Court of Appeal and the Supreme Court.


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Given the size of Jersey's trust industry, the Jersey courts deal with a significant number of trust cases and have, as a result, built up a substantial body of trust jurisprudence. Judgments of the Jersey courts are frequently cited as authority in courts of other jurisdictions.

In 2001, Jersey was one of the first jurisdictions to regulate the provision of trust company business. At the time, there were suggestions from some trust practitioners that the introduction of regulation would drive business away to jurisdictions that did not regulate trustees. Yet far from resulting in a loss of business, Jersey became an attractive jurisdiction for those who wanted the reassurance that their trustees were subject to regulation and thus had to meet high professional standards. Regulation has led to a degree of consolidation in relation to trust company businesses but the industry still has a mix of large and small to medium sized trust companies, some of which are specialised in particular niche areas, with others providing a wider range of services.

Although the focus for private client business in the early years of the industry was predominantly UK residents, the industry now serves clients from around the world who value Jersey's political stability, ease of access and professional expertise. For many of these clients, particularly those who come from civil law jurisdictions, the concept of the trust, revered as it may be by English practitioners, is wholly unknown. Accordingly in 2009 Jersey was one of the first international finance centres to introduce legislation enabling the creation of foundations in a common law jurisdiction. The essential difference between a trust and a foundation is that a foundation is a legal entity whereas a trust is a legal relationship. Foundations can be used in much the same way as a trust and have become popular vehicles for philanthropy, no doubt because the name 'Foundation' is often applied to charitable bodies. The advent of the Jersey foundation not only recognised the needs of clients who were unfamiliar with the trust concept but also anticipated the increased demand for the administration of philanthropic structures in the Island.

In keeping with the increased demand for philanthropic structures, Jersey introduced a new Charities Law in 2014 that set out a statutory definition of charitable purposes which, in common with a number of other jurisdictions, had until this point been described by reference to a statute passed in the time of Elizabeth I. The 2014 Law also provided for a Jersey Charity Commissioner and provision for registration where donations are intended to be solicited from the public or the word 'charity' is used in the name of the entity or structure. This ensures that philanthropic structures will either be regulated by the Commissioner or, in the case of private structures, by virtue of being administered by regulated trust and company service providers. The result is a lighter touch but nevertheless effective regulation of charitable entities which contrasts with some of the more bureaucratic regulatory procedures in other jurisdictions.

A vibrant and substantial banking and investment industry has, throughout the past 60 years, provided complementary services to the private client sector in Jersey. The expertise available within the Island has facilitated investment not just in traditional asset classes but also in ESG and social impact portfolios, technology funds and, more recently, crypto-denominated funds.

Over the last 60 years, Jersey has developed as one of the premier private wealth jurisdictions. Its success is largely due to its politicians, professionals and regulators identifying forthcoming changes of approach to taxation and regulation and embracing them rather than resisting them, whilst continuing to provide the services that private clients require. Although a low and stable rate of tax continues to be attractive to private clients, the reason for using Jersey is more likely to be its expertise, built up over the past 60 years, in creating and administering structures to enable wealth to be passed to future generations coupled with its political stability. The Digital Jersey initiative, aimed at making Jersey a world leading base for digital innovation should ensure that full use is made by the private client sector of the latest technology in delivering its services.

Over the past 60 years, the demands of private clients and the environments in which they operate may have changed considerably but Jersey's private client sector has shown itself to be well able to meet those demands for many more years to come.

ALAN BINNINGTON

Alan Binnington, Director, Fiduciary Management, RBC.

Born in Jersey, Alan's career in the Island's finance industry began in 1982 when he joined the law firm then known as Mourant, du Feu & Jeune, a firm in which he was a partner until he joined RBC in 2009 following their acquisition of Mourant's private wealth administration business. In a career spanning almost 40 years he has been President of the Law Society of Jersey, President of the Jersey Association of Trust Companies and has served as one of the Island's Law Commissioners.

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Jersey's private client landscape: built on trust

BY SARAH BARTRAM-LORA REINA

Jersey has over the last six decades maintained its reputation as a stable, well-regulated and pre-eminent fiduciary jurisdiction. Indeed, Jersey has recognised trusts for many years prior to the introduction of the Trusts (Jersey) Law in 1984. Since then, its trust legislation has been emulated by jurisdictions around the world and the Island currently has over 30,000 trusts worth more than £600 billion[1].

Its fiduciary and private client expertise runs deep, with Jersey boasting one of the largest (if not the most) qualified memberships of the Society of Trust and Estate Practitioners (STEP), amongst many other professional qualifications. The sector is also supported by a strong presence of reputable private client law firms and tax practitioners.

Underpinning its success is Jersey's political stability and that of the jurisprudence of the Royal Court, which has been in place since the 13th Century. Together these factors make Jersey a popular destination for wealth structuring and trusts sit at the heart of many of these plans.

USES OF JERSEY TRUSTS

Trusts are a flexible method to address wealth planning needs. For individuals, this could include estate planning, asset protection, protection of vulnerable beneficiaries, management and devolution of family wealth and the promotion of charitable and philanthropic causes.

Some of the more common types of Jersey trusts are:

- discretionary trusts: a trust in which the settlor has given the trustee full discretion to decide which (and when) members of a defined group of beneficiaries are to receive either the income or the capital of the trust; or
- charitable trusts: a trust created for charitable purposes only, e.g. for the advancement of education.

Other types of Jersey trusts include Shariah-compliant trusts, reserved powers trusts, purpose trusts, private family trusts, accumulation and maintenance trusts and interest in possession trusts (where a life tenant receives income and after their death, the remainderman receives the capital element of the trust fund).

Trusts can also be used as part of commercial planning needs, such as employee benefit structures, pension funds, securitisation and off-balance sheet financing arrangements, acquisition of commercial property using unit trusts and organisation of private equity, hedge and real estate investment arrangements.

SETTING UP A JERSEY TRUST

Before setting up a trust, it is important that both legal and tax advice is obtained to ensure that settling a trust and the type of trust to be used, is the optimum wealth planning solution for the settlor's needs. It is also important to choose a suitable trustee from one of the many reputable trust companies based in Jersey.

Working with the selected trust company, after due diligence has been completed including source of wealth and source of funds, a trust deed will then be prepared. The trust is established when the settlor transfers assets to the trustee, which will be held on the terms of the trust for the benefit of the beneficiaries.

In addition to the trust deed, the settlor may also write a letter of wishes to the trustees, which is a private document and not legally binding on the trustees. It sets out the settlor's wishes for the trust and gives guidance in relation to, for example, school and university fees, supporting beneficiaries with new business endeavours, purchasing first homes and ESG considerations.

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MAINTAINING STANDARDS IN JERSEY'S TRUST SECTOR

As we celebrate 2021 for marking 60 years since Jersey's modern financial services industry put down roots, as fiduciary practitioners, we also look to the future to ensure that we remain one of the leading international finance centres. This requires close collaboration with our regulator, the Jersey Financial Services Commission (JFSC), Jersey Finance, the Jersey branch of STEP, as well as more recently, Digital Jersey.

Every trust company in Jersey is licensed by the JFSC, where it must adhere to legislation and regulation covering corporate governance in respect of compliance, risk, span of control, capital maintenance and outsourcing, amongst others. Thematic reviews are also undertaken regularly by the JFSC to ensure the highest standards are maintained.

Indeed, the majority of trust companies in Jersey – numbering over 50 – are members of the Jersey Association of Trust Companies (JATCo), which is a proactive organisation representing its members' interest to government and financial service regulators. It is estimated that 4,000 people are employed locally by our members, which contribute a significant percentage to the Island's annual tax revenues. JATCo's activities include:

- Cross-body collaboration: JATCo works with other trade bodies in Jersey on issues affecting both the fiduciary sector and the wider business environment.

- Sector updates: We collate opinion and inform members about developments within the industry, be they technical, regulatory, fiscal or of a practical nature.

- Monthly committee meetings: Members from the Government of Jersey (GoJ), JFSC and Jersey Finance are invited to attend our monthly committee meetings to ensure effective communication between all parties as to current matters. The President of JATCo also sits on various advisory groups, which work with the aforementioned bodies on Island initiatives.

- Annual seminars: Our annual seminar provides a platform for relevant keynote speakers to relay critical information to decision makers and opinion formers (both locally and further afield) upon which to make decisions affecting the Island's trust industry.

THE JERSEY FIDUCIARY LANDSCAPE CONTINUES TO INNOVATE

Much has been said regarding the expected 'Great Wealth

Transfer' of the next 30 years, as the 'baby boomer' generation pass on their wealth to their children and grandchildren. In this decade alone, US$8.8 trillion is expected to be transferred in America, US$3.2 trillion in Europe and US$1.9 trillion in Asia.[2]

This phenomenon will create new opportunities and challenges for the private wealth industry. Many families are also increasingly seeking a globalised solution to their own unique needs. With the right professional help and advice, high net worth families and individuals can protect and plan for the transfer of their wealth through effective wealth structuring. In many cases, the transfer of wealth may include the use of trusts, foundations, companies and limited partnerships established in Jersey.

However, the transfer of wealth from one generation to the next is just one of a number of scenarios currently changing the face of the fiduciary landscape. Other significant trends influencing the private client value chain include:

- Digitalisation: The COVID-19 pandemic has catalysed the fiduciary sector's adoption of digital processes. Homebound workforces have embraced electronic signatures and minute books, digital company incorporations and virtual meetings, which continue to be critical for maintaining client relationships.

  Digital change will not only continue but will accelerate and consequently it is great to have an establishment such as Digital Jersey to tap into as we see further interest and expansion into digital currencies, exchanges and banks.

- ESG: We are also witnessing a generational shift in wealth appropriation and the values driving these decisions. Environmental, social and governance (ESG) considerations have in many cases become fundamental to investment decisions. Investment managers are responding to this demand, adapting their investment reports and portfolios and encouraging employees to take relevant qualifications. As a fiduciary with responsibility to enhance the trust fund, demand for ESG and government initiatives targeting carbon neutrality add a new dimension to the industry.

- Philanthropy: Interestingly, in Ocorian's 2021 global survey of private client practitioners, 76% said the COVID-19 pandemic had led to an increase in their clients' concerns over investing in philanthropic projects. The pandemic has made all individuals, no matter the value of their own personal wealth, consider their own mortality and has led a majority to review their wealth and estate plans. This is where Jersey stands out for its stability, well-established legislature, quality of service and product offering.

For some, these concepts can be entirely new and this is where Jersey Finance has been instrumental in helping provide intermediaries, individuals and families with a better understanding of our fiduciary industry. Their work is especially relevant in the globalised age, where we can provide services to clients around the world in addition to our traditional markets of the United Kingdom and Europe.

Trusts 101

A trust is a legal obligation or relationship between the settlor (the person who creates the trust, usually by way of a written deed) and the trustee (the person who legally owns the assets, has various duties in accordance with legislation and as set out in the trust deed) and the beneficiaries (the person/people who receive benefits from the assets held in trust).

A trust is a common law concept. It is not a legal entity in its own right and therefore cannot be sued or take legal action as a corporation or a foundation can, such actions can only be taken by or against the trustees themselves. The trust may have a protector, who is usually a family member or a professional person, who can give or refuse consent to certain actions by the trustee as set out in the trust deed.

A BRIGHT FUTURE AHEAD

With a deep-rooted commitment to service excellence and a dynamic, forward thinking fiduciary and regulatory ecosystem, Jersey will remain a leading international financial centre and a global hub for private clients.

Footnotes:
1 Jersey Financial Services Commission (Statistic correct as at December 2019)
2 A Generational Shift: Family Wealth Transfer Report 2019, Wealth X

SARAH BARTRAM-LORA REINA

Sarah Bartram-Lora Reina, President, Jersey Association of Trust Companies (JATCo).

Sarah is an Executive Director - Private Client at Ocorian and has over 30 years' experience in the Jersey finance industry, where she has specialised in retail, private and investment banking; as well as trustee and corporate services for ultra high net worth clients.

Sarah also serves as Chair of the Jersey Charity Tribunal.

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A very charitable jurisdiction

BY KEVIN KEEN

Jersey is a good place and if you need proof of this you need only look at our charity sector.

According to research carried out by Island Global Research (IGR) published in March 2021, 97% of respondents gave time or money to Jersey charities and 93% believed charities make an important contribution to the Island. IGR estimate that £29 million was donated by individuals in 2020, not bad going for an Island with just over 100,000 inhabitants.

We are also lucky to have many major donors many of whom have made their homes in Jersey and wanted to play their part

By Vadim Nefedoff © Shutterstock

in our community. This is not new. There are examples of philanthropy from the 1800s, with the generosity of those donors still evident and providing benefit to the Island today. These days donors may be more sophisticated and prefer more low profile giving but there is no doubt they are doing good in their Island home and elsewhere too.

Although Jersey is fortunate to have so many very generous people, I have a theory that the small size of the Island – and therefore the lack of long commutes – means that more people have more time to volunteer. Indeed, according to IGR almost half of the respondents volunteered time for charities in 2020. Hopefully this will be an ongoing side benefit of more people working from home in places beyond Jersey, as citizens everywhere will have more time for doing good and what they save on commuting will mean they have more money to do good with. Truly building back better.

Businesses also very much play their part in doing good work, from innovative corporate social responsibility (CSR) programmes and sponsorship, to encouraging their people to act as governors for charities where appropriate. This is an area with more potential, allowing local charities to benefit from the incredible level of expertise in Jersey and, in my view, it is not just one way. I think there is much to be gained in terms of professional development by working for a charity, even if it is only in your spare time.

Charities in Jersey range from small charities like Meals on Wheels providing an important local service, to large ones (by Jersey standards) like the Durrell Wildlife Conservation Trust, which is working globally to preserve bio diversity. We have charities to support the sick and elderly, encourage education, culture and sport, fund art and of course – more important than ever now – help protect our environment. The diversity of charities doing good in Jersey, from the large to the small, is simply inspirational and I dread to think what this Island would be like without them.

CHARITIES (JERSEY) LAW

In 2014 the Charities (Jersey) Law was approved and became effective on 1st May 2018. Within just three years, over 400 charities have been registered by John Mills CBE the appointed Jersey Charity Commissioner. At the end of 2020 the assets of the registered charities totalled around £600 million and in 2020 charities spent around £125 million, of which £90 million was spent in the Island. The Commissioner has worked hard to keep regulation proportionate and economic, (especially important given that the median charity had annual expenditure of just £37,000) without compromising on the importance of quality and reputation of both the sector and Jersey itself. A difficult balance but Commissioner Mills seems to have found it.

Jersey's finance industry was established over 60 years ago and over this time has developed long standing and deep expertise in the establishment of structures which are suitable not just for wealth management but also for charitable, environmental and social impact purposes. It guards its reputation as a world leading and well regulated international finance centre with great care. Accordingly, Jersey is ideally placed to support philanthropists with:

- High levels of service and expertise
- A stable economic and political jurisdiction
- Proximity and connectivity to the UK and Europe
- High standards of regulation, both in financial services and for charities specifically
- A range of suitable structures to support public or private philanthropy
- Tax neutrality

ASSOCIATION OF JERSEY CHARITIES

The Association of Jersey Charities (AJC) (a registered charity itself) is celebrating its 50th anniversary this year but it has members that are much older. The Jersey Society for the prevention of Cruelty to Animals was established in 1868 and Eyecan (formerly the Jersey Blind Society) was established in 1886. We have over 250 members and as well as distributing grants on behalf of others, we organise training, provide advocacy and assist charities in working together whenever possible. To celebrate our 50th anniversary we are very proud to be working with Jersey Finance to recognise and celebrate excellence in the charitable sector of Jersey.

To conclude, with our long tradition of charitable activity, a modern and robust charities law, real depth of experience and expertise – plus all the other benefits of a world leading financial centre – Jersey is ideally placed as a base for philanthropy, be it local or global.

KEVIN KEEN

Kevin Keen, Chairman, Association of Jersey Charities.

Kevin has lived in Jersey all of his life and qualified as an accountant whilst working in commerce. Kevin has held a wide range of board roles in both the private, public and third sector over a career spanning almost 50 years.

Web: **www.jerseycharities.org**

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Seeking sustainability

BY DANIEL JOLLIFFE

Life is full of financial decisions, big and small. Whether buying a loaf of bread, a new shirt or even a car, they all involve a set of decisions that ultimately reflect personal preferences and values. In the past few years, personal preferences and values have begun playing a much larger role in the way people invest, leading to a surge in the popularity of responsible and sustainable investing.

The reasons for this are plain to see. Climate change, social inequalities and companies behaving badly, have all made headlines over the past two years, particularly during the pandemic. Along with this, David Attenborough and Greta Thunberg have made us all much more aware and concerned and have caused us to question our lifestyles and the impact we have on our planet, none more so than the younger generations.

ALIGNING PORTFOLIOS WITH VALUES

Responsible investing is an umbrella term for a variety of different approaches that includes sustainable investing, ethical investing and impact investing, to name a few. They each have their subtle differences but the primary objective is to evaluate the risks and opportunities associated with the ESG (environmental, social and governance) factors facing investments.

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Some may follow a framework that clearly defines their overall responsible investment approach and how they assess companies against environmental, social and governance (ESG) criteria. This framework consists of stewardship, which involves engaging with companies on ESG issues, screening companies for their ESG credentials and integrating ESG issues into investment analysis and decisions. This approach makes it possible to align investors' values with their investments and ensure that the companies held in a portfolio are doing what they say they are doing. Traditionally, responsible investing meant choosing companies based on ethical criteria; investment decisions were driven primarily by avoiding companies with specific negative attributes.

More recently this process has become much more sophisticated. While companies are still excluded based on negative criteria which are largely agreed at a client level (our only firmwide exclusion is avoiding investment in controversial weapons i.e. anti-personnel landmines and cluster munitions), much of the focus is on integration. Integration is about identifying and evaluating the specific ESG factors that investment faces and this is on an ongoing basis – it does not stop as this is a constantly evolving area. Additionally, the process continues with active engagement with company management on ESG issues which may take many forms, including interaction during the voting season, a thematic discussion around sustainability or in response to an incident.

ACHIEVING SUSTAINABILITY

In the past, responsible investing was frequently about making ethical decisions or being socially responsible. Today, the focus has moved towards achieving sustainability – not just by investing in renewable energy but by investing in companies that have integrated sustainability into both their operations and their supply chains.

Sustainability is a higher hurdle to clear and it involves much more than integrating ESG factors into the decision making process or excluding certain activities from portfolios.

Commonly, funds that are focused on sustainability tend to select and include investments on the basis of fulfilling certain sustainability criteria or on delivering a measurable outcome. This means companies will be selected based on their economic and business activities, such as the products and services they deliver, as well as their conduct, which focuses on how they operate and behave. Usually, sustainable investment means that companies held in a portfolio will need to play a specific role in the future economy and will need to be making a contribution to solving some of the world's biggest problems, such as de-carbonisation, clean water, renewable energy or employee welfare.

STEWARDSHIP AND ENGAGEMENT

It is not enough to simply invest in companies that are deemed to be behaving responsibly and express a commitment to sustainability. Achieving future targets and creating a better world for the next generation means effecting change and constantly improving. This is why it is important that investment managers who are acting as stewards for their clients' investment, engage with those companies and funds that they are investing in.

There are several ways to engage with companies. The first is through active ownership by exercising shareholder voting rights. This allows shareholders to express their view and engage with companies in a way that benefits investors as well as society. Voting is an important tool for effecting change but engagement is even more critical. By meeting with management teams and boards of directors, it is possible to raise major issues and concerns and gain a deeper understanding of how companies are improving their behaviour for the better.

THE IMPORTANCE OF ESG INTEGRATION

None of what has been discussed so far is of any use if an investment manager is not practicing what it preaches. In our industry we frequently talk about ESG integration because it has become a major piece of the sustainability puzzle. This involves considering something known as a sustainability risk – an environmental, social or governance event could cause a negative impact on the value of the investment – across all asset classes when investing. It is not enough to simply take what a company says on face value, either.

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However, to truly be responsible investors, we must also integrate the concept of ESG across our business, not just into a single investment offering. For example, when our Climate Assets Fund was launched 11 years ago, it became one of the first funds offered by an investment manager that invested around the world with a focus on investment opportunities arising from the convergence of climate change, resource scarcity and population shifts. Since then we have developed our responsible investment approach across our discretionary holdings – be they in funds or segregated portfolios.

Yet it goes beyond product offerings. It is also important for a business to act responsibly and do the right thing for clients, employees and the community.

LOOKING AHEAD TO THE NEXT GENERATION

Ultimately, responsible investment is about the future – the future of our planet and the future of the generations to come. We know that more solutions are needed to tackle the issues facing the environment and society and that businesses need to take a lot more action to become truly sustainable. By following a clearly defined responsible investment framework and by paying attention to the investment choices of the younger generations, it is possible to do the right thing, whilst also achieving a financial return.

DANIEL JOLLIFFE

Dan Jolliffe, Investment Director, Quilter Cheviot, Jersey.

Dan's primary role is to manage discretionary investment portfolios across multiple asset-classes for private clients, financial intermediaries and charities. His specific focus is on managing investment portfolios for clients that are based in the Middle-East.

Dan has over 15 years' experience in the financial services industry and is a Chartered Fellow of the Chartered Institute for Securities and Investments. Dan holds the Private Client Investment Advice & Management (PCIAM) qualification, as well as the Investment Management Certificate (IMC). During the last six months, Dan has also passed the Islamic Finance Qualification (IFQ) and the Certificate in ESG Investing and is the ESG lead for the Jersey Office. He is also one of two Jersey-based Investment Managers that manage discretionary investment portfolios on behalf of various charities.

Jersey: ideally placed for Islamic investors

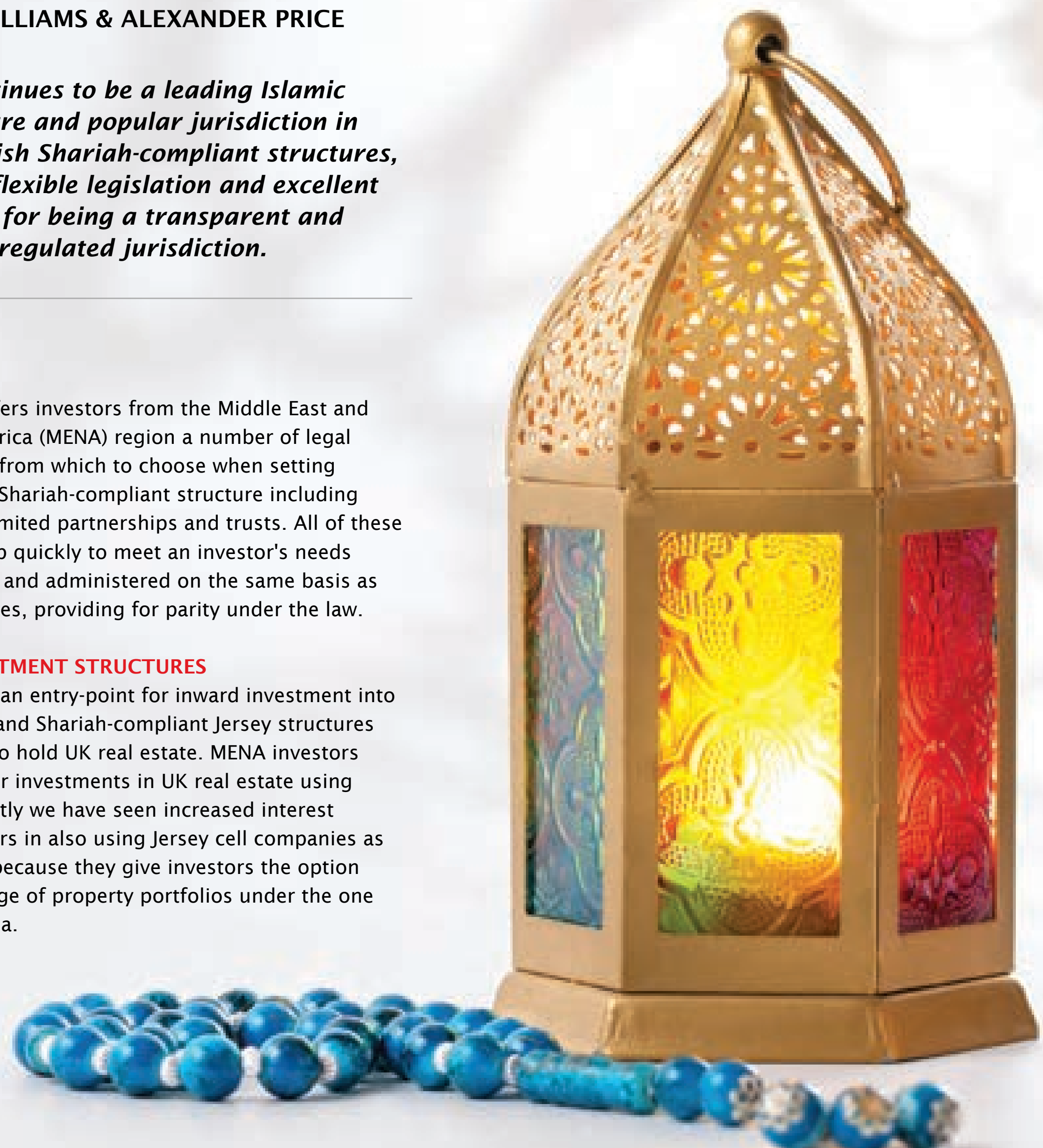
BY MIKE WILLIAMS & ALEXANDER PRICE

Jersey continues to be a leading Islamic finance centre and popular jurisdiction in which to establish Shariah-compliant structures, thanks to its flexible legislation and excellent reputation for being a transparent and well-regulated jurisdiction.

Jersey offers investors from the Middle East and North Africa (MENA) region a number of legal vehicles from which to choose when setting up their Shariah-compliant structure including limited companies, limited partnerships and trusts. All of these vehicles can be set up quickly to meet an investor's needs and will be regulated and administered on the same basis as conventional structures, providing for parity under the law.

REAL ESTATE INVESTMENT STRUCTURES

Jersey has long been an entry-point for inward investment into the United Kingdom and Shariah-compliant Jersey structures are commonly used to hold UK real estate. MENA investors tend to structure their investments in UK real estate using a company, yet recently we have seen increased interest among MENA investors in also using Jersey cell companies as investment vehicles because they give investors the option to choose from a range of property portfolios under the one management umbrella.



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Shariah-compliant funding is readily available in the UK to support MENA investors wishing to invest in UK real estate and there are now five fully Shariah-compliant banks licensed in the UK – Al Rayan Bank, Bank of London & The Middle East, Gatehouse Bank, QIB (UK) and Abu Dhabi Islamic Bank.

Islamic financing transactions typically involve a commodity Murabaha product but other products are available to MENA investors including Ijara (a type of lease) and Musharaka (an investment partnership or joint venture arrangement).

In terms of asset classes, commercial property remains popular as do buy-to-let properties and build-to-rent developments. In recent years, we have seen a shift away from retail property (other than supermarkets) toward logistics (mainly warehouses) and industrial property and this has only been exacerbated by the COVID pandemic. Growing confidence among investors to seek value opportunities outside of London has seen regional centres including Birmingham, Manchester and Liverpool increase in popularity in recent years, with assets in these areas tending to be available at more attractive prices and able to generate higher yields.

SUKUK

Sukuk will typically be structured as an orphan arrangement in a suitable international finance centre such as Jersey, which has a strong track record in international markets. Significantly, important market players such as the Islamic Development Bank utilise Jersey within their Sukuk trust certificate programme.

The London Stock Exchange remains a key venue for Sukuk listings and there are more Jersey companies registered on the FTSE 100 and AIM than any other jurisdiction outside the UK. Sukuk utilising Jersey SPVs (and issuances of Jersey trust certificates) are listed on a range of international exchanges including the Bursa Malaysia, Nasdaq Dubai and Kuwait Stock Exchange. There are also Sukuk listed on The International Stock Exchange (TISE), a stock exchange headquartered in the Channel Islands.

FUNDS

Jersey's funds sector is a leader in Shariah-compliant asset management and the jurisdiction is a preferred domicile for developed asset classes, including equity for Shariah-compliant fund mandates.

Establishing a Shariah-compliant fund in Jersey is a very flexible process and can be done using a range of legal structures including a limited company, limited partnership, unit trust or cell companies. All funds in Jersey, including Shariah-compliant funds, are taxed at zero percent, including the popular Jersey Private Fund (JPF) structure which has been tailored for use by sophisticated investors and offers high levels of flexibility, fast-track authorisation and lighter-touch ongoing regulatory requirements. A JPF can be used by MENA investors for Shariah-compliant investments in all types of assets globally.

In July 2021, Jersey was selected as the most appropriate jurisdiction in which to establish a new UK-based Shariah-compliant tech-focused private equity fund with a target fundraise of £1 billion for investments in Shariah-compliant SMEs.

GENERATIONAL PLANNING AND WEALTH PRESERVATION

Jersey trusts (similar to an Islamic Waqf, or endowment) and foundations provide flexible structures that are often used by MENA families or family groups for generational planning and wealth preservation. They can be established in a way that strictly adheres to the Shariah, departs from the Shariah or sits somewhere in between. They can also allow particular powers to be retained by the settlor or founder.

Jersey trusts and foundations are often used to modify the strict succession or heirship rules that would otherwise apply and to ringfence the ownership of assets that are to be held outside of the Shariah. They can also be used as helpful tools to protect assets from creditors or seizure by politically unstable regimes.

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FUTURE TRENDS AND DIRECTIONS

So what is next for Islamic finance and Shariah-compliant structures and products? Here are a couple of trends and directions we have noticed.

- **Fintech – a new dawn for Islamic digital banking**
  - Islamic banks in the UK – and across the MENA region – are investing significantly in their technological capabilities and establishing digital platforms in recognition of the increasing importance of digital banking among MENA investors, in particular the younger (often more tech-savvy) generation.
  - In July 2021, Abu Dhabi Islamic Bank (ADIB) formed new partnerships to boost its technological capabilities including scaling up its artificial intelligence and data analytics power. One such partnership is with the Ministry of Interior in the United Arab Emirates (UAE), a collaboration which allows the bank to access the Ministry's facial recognition system which makes it the first bank in the UAE to be able to perform instant and secure verification for digital onboarding. This allows UAE citizens and residents to open an ADIB bank account remotely and instantly.
  - Also, in July 2021, Boubyan Bank (a majority shareholder of the Bank of London and the Middle East) announced the launch of Nomo, a fully licensed and regulated UK Islamic digital bank which offers Shariah-compliant UK bank accounts and financial management services for clients in the MENA region. It has been developed to accommodate a growing segment of individuals across the MENA region with international banking needs and provides a digital solution for accessing, moving and investing money in the UK and internationally with ease and assurance. Nomo demonstrates the continued attractiveness of the UK as an investment destination among the next generation of tech-savvy MENA investors.
- **Sustainable finance – using Shariah-compliant products to develop meaningful initiatives**
  - With underlying principles founded on fairness, risk-sharing and transparency, Islamic finance seeks to promote ethical and responsible decision-making and investments and therefore has the potential to align investors with sustainable development goals and other environmental, social and governance values.
  - For example, green Islamic finance products, which are becoming more widely available, could be used to support climate change initiatives and drive social development programmes across the world.

Jersey has long been a favoured offshore financial centre for many MENA market players and investors, due to it offering a range of flexible Shariah-compliant structures and products. It remains well placed to continue to participate in the growth of these existing structures and products and to facilitate the development of new products and future directions for the sector.

MIKE WILLIAMS

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Mike is an experienced corporate, banking and finance lawyer heading up the Corporate, Finance & Funds team in Jersey. Mike's banking and finance practice involves advising borrowers and lenders on areas like acquisition and leveraged finance, asset finance, Islamic finance, project finance, real estate finance, debt restructuring and security enforcement. He also advises arrangers, dealers and SPVs in relation to debt issues (including note programmes and securitisations) and structured products.

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Alexander advises on matters of both Jersey and British Virgin Islands law and has a broad understanding of both conventional and Islamic forms of finance. Although he regularly acts for conventional lending institutions, Alexander specialises in cross-border Islamic financing transactions which involve offshore entities structured in a Shariah-compliant manner. He has acted for Islamic banks and financial institutions, in both the UK and the Middle East, for over nine years and is familiar with a range of Shariah-compliant products.

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The performance and impact of Jersey funds

BY TIM MORGAN

In a year unlike any other, with mass disruption across markets, in capital raising and in how societies have functioned, it is impressive that Jersey's funds sector has not only remained resilient in the face of challenging circumstances but has actually enhanced its position as a leading centre for alternative funds.

With 2021 marking the 60th anniversary of the jurisdiction's finance industry, it is even more pertinent that Jersey's funds industry has performed so positively. Few IFCs can boast such sustained, deep experience built up over six decades.

It is thanks to its forward-looking approach and focus on creating an ideal ecosystem for alternative investments that Jersey's funds proposition remains in 2021 one of the most robust elements within Jersey's range of financial services.

Over the course of 2020 and into 2021, figures for the industry – collated by the Jersey Financial Services Commission (JFSC) – continued to be extremely positive, with total funds business serviced in Jersey breaking through the £400 billion barrier for the first time to reach a new record high of £410 billion in the first quarter of 2021 – which is up 14% year on year.

The statistics show particularly strong and sustained performances in the alternative asset classes, including real estate, private equity, venture capital and hedge funds, which

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now represent around 90% of Jersey's total funds business – private equity alone represents just shy of half of all funds business done in Jersey.

Meanwhile, at the end of March 2021 there were 434 Jersey Private Funds (JPF) established in Jersey, with almost 100 registered in 2020 alone, reinforcing its appeal as the go-to structure for small groups of sophisticated investors.

Macro trends continue to support Jersey's future direction too, with the alternatives moving increasingly into the mainstream so that they are no longer 'alternative' at all, with investors continuing to point to greater allocations towards those asset classes in the longer-term.

PwC, for instance, estimate that the value of the 'private markets' (or alternatives) will increase to reach $14.4 trillion by 2025, around 10% of all assets under management worldwide.

Against that backdrop, jurisdictions that can provide long-term stability and certainty, underpinned by a cost-effective, flexible regime, high standards of governance and oversight, expertise and global distribution capabilities, will be in high demand – and Jersey is in a strong position in that regard.

In fact, in the Jersey Funds Association's own survey of its members, 69% of respondents said they were confident that their business would grow over the next five years, with both short- and medium-term strategic priorities for Jersey's funds industry remaining focused on private equity, real estate, venture capital and debt funds.

NEW ENVIRONMENT

As the global funds industry emerges from the pandemic, Jersey's funds industry is keen to remain on the front foot.

Our key strengths remain at our core – our ability to maintain a stable, no-change, no-surprises environment – but, buoyed by an impressive performance in 2020, we are not resting on our laurels. We are very clear that adapting to a new environment and maintaining our growth trajectory requires innovative practice, digital adoption and a commitment to sourcing the best talent.

We are doing this on the regulatory front. In 2020, for instance, Jersey introduced amendments to its Limited Partnership (LP) legislation that made it easier for managers to migrate LP fund structures to the jurisdiction. It was a highly successful change, with managers operating in a number of other locations making use of the new regime to redomicile their structures to Jersey, to position themselves better for the future. In fact, we saw record levels of LPs created in Jersey in 2020 and the number created in December 2020 was double that of 2019.

Further enhancements to Jersey's product range are anticipated later this year too – the roll out of a Limited Liability Company (LLC) product in particular should prove an attractive vehicle for managers in the US – a market where Jersey is continuing to grow its market share. According to Monterey figures, we saw a record level of inflows from the US in 2020, with Jersey-based fund promoters from the US growing 17.3% over the year (to June 2020) and 41.2% over the past two years.

Digitisation remains key to our drive on innovation too – one of the key findings of our members survey was that digital transformation will continue to be pivotal to the core operation of funds businesses in Jersey, shaping approaches to regulation, tax and governance over the coming years.

In that survey, 92% of respondents said that the pandemic had changed the way their business uses technology to some

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degree, with 63% saying it had significantly accelerated digital adoption within their business. That sort of investment is impressive but also necessary as we remain focused on meeting the needs of alternative managers in the coming years in areas like cyber security, reporting and data management.

Perhaps one of the most significant trends to emerge over the past 12 months though, has been in the ESG space. Jersey's funds industry has for some years supported a broad cross section of impact investment but the fallout of the pandemic has undoubtedly sharpened the focus on this area, driven by the notion that economic recovery must go hand in hand with sustainable recovery.

Against this backdrop, the launch of Jersey Finance's sustainable finance strategy in early 2021 and its vision to be recognised as a leading IFC in sustainable finance in the markets it operates in over the coming years, was good timing. Jersey's funds industry is ready to play a key part in that.

Indeed, over the past year alone we have seen a number of Jersey funds come to market targeting clean energy, climate change, low carbon and sustainable infrastructure assets and with 69% of institutional investors saying that ESG considerations will play a growing role in decision-making – including domiciliation (IFI Global) – it is an area where Jersey is seeing increasing amounts of activity.

Substance and governance are central to that and areas where Jersey excels. Investors want to see a clear policy and procedures in place from their managers and domiciles, so robust regulation coupled with good underlying governance, including access to diverse NED expertise, is key.

With Jersey's experience as a jurisdiction and our ability as specialists in putting capital to work in global markets, it is our responsibility to play our part in sustainable global recovery. There is no doubt that, as thinking has become more sophisticated in this space, this will remain a major area of focus for the industry over the coming years.

GLOBAL REACH

A dynamic that has really come to the fore for our industry over recent years has been Jersey's increasingly diverse global market reach. Its ability to offer seamless, efficient access to investor markets around the world is a major part of Jersey's increasingly global appeal. It is noteworthy that the top five sources of capital committed to Jersey funds, for instance, are the UK, the US, Ireland, Luxembourg and Canada.

Europe remains an important market and with the UK now formally withdrawn from the EU, Jersey continues to be well placed, thanks to its flexible, quick, cost-effective and tried-and-tested private placement regime under AIFMD, to play a role in supporting non-EU (including UK) managers wanting to access EU investor capital.

Figures reflect that appeal, as the number of alternative managers marketing into Europe through private placement in Jersey continued to rise through 2020 and there are now in excess of 200 non-EU managers structuring through Jersey to access the EU.

Beyond Europe, meanwhile, Jersey is increasingly playing a role in connecting managers and investors. Managers in the US, the Middle East, Africa and Asia looking for a European time-zone hub, outside of AIFMD rules, that can offer a stable, straightforward, transparent environment, with superior standards of governance, are frequently choosing Jersey.

POSITIVE ROLE

Having remained a bastion of resilience and enabled managers to deliver good returns to investors in challenging conditions, Jersey has earned its reputation as a specialist, reliable centre for alternative funds business.

By maintaining its focus on innovation through upskilling, digital adoption and product enhancement – and backed up by a relentless focus on diversifying its global reach and a commitment to sustainability – Jersey's funds industry has the right tools to play a pivotal role in supporting global economic recovery.

In a landmark anniversary year for Jersey, this is a moment to demonstrate the positive impact we can make not only to managers and investors but to communities around the world.

TIM MORGAN

Tim Morgan, Chair, Jersey Funds Association (JFA).

As Chair of the JFA, Tim has played a key role in developing the position of the Jersey funds industry from a regulatory and tax perspective in recent years, particularly in relation to AIFMD, Economic Substance Legislation and compliance with OECD BEPs issues.

Tim is a Partner of Maples and Calder's Funds & Investment Management team, in the Maples Group's Jersey office. He advises global fund sponsors, investors, boards and service providers across a variety of asset classes including private equity, venture, credit, real estate and liquid securities.

Web: **www.jerseyfunds.org**

The increasing case for ESG in private equity

BY FELICIA DE LAATIS

On 9th August 2021, the Intergovernmental Panel on Climate Change (IPCC) released its Working Group I Report 'Climate Change 2021: The Physical Science Basis', the first instalment of its sixth assessment report confirming that climate change is widespread, rapid and intensifying.

In the lead up to the Conference of the Parties of the United Nations Framework Convention on Climate Change (COP26) in November 2021, this report is the latest in a long line of news and announcements on the extraordinary impact of climate change over the remainder of this century. It is clear that governments, regulators, the finance sector, businesses and households – essentially every sector of the economy – need to take radical and immediate action to fulfil the goals of the Paris Agreement and the United Nation's Sustainable Development Goals.

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Trillions of dollars need to be channelled annually into this effort, far greater sums of money than can be supplied by governments or governmental entities alone. Private finance, including private equity, must therefore scale up its involvement in channelling flows of private capital into sustainable investments and projects.

Despite the title of this article, applying ESG (environmental, social and governance) criteria to investments is far from a new approach for private equity firms. Many firms have been signatories for years to the Principles for Responsible Investment (PRI), have responsible investing policies and sustainability teams and apply ESG screening criteria to their investments, both at due diligence stage and as a form of ongoing assessment to improve the value of investments. For forward looking private equity firms, ESG is not only about being 'the right thing to do' but also vital for value creation in their portfolios.

Private equity is able to take a much longer term view than the public markets, usually having five to seven years to create value in their portfolio companies before exit. They are protected from the short term approach of the public markets which can tend toward decisions directed to more immediate profit. Private equity is therefore able to mitigate to some extent against what Mark Carney as the Governor of the Bank of England described as 'the tragedy of the horizons'. Carney was referring to the fact that the impact of climate change and other irreversible damage to the earth's planetary boundaries is well beyond the horizon of most governments, banks, businesses and individuals, therefore making it difficult to create the impetus for immediate concerted action.

Private equity has one of the longer investment timeframes, alongside strategic opportunities and infrastructure funds, so it can take the longer view. Indeed, private equity firms need to take the longer view because it is not sufficient to create value only in the investment period of their own funds. The investment must be attractive to buyers at the point of a disposal and appear a sufficiently attractive proposition where the buyer themselves in turn can create value and achieve a profitable exit another five to seven years down the track. For that reason, private equity firms are probably looking at least 10 years into the future and a private equity firm which fails to address and mitigate climate change and other ESG risks to its portfolio may well struggle to make a successful exit.

The Scottish Event Campus (SEC) in Glasgow will host COP26.
By Richard Brew © Shutterstock

While scanning for ESG issues is an essential risk management tool, ESG is not only about risk but is also about opportunities and private equity firms are very alive to that. There are many investments where taking a business from bad to good or good to better on the ESG front will be a key driver of value and therefore deliver a better return to investors. Digital technology is also a key area creating risks and opportunities for the private equity sector and ESG and digital technology can overlap, for example, in the area of sustainable technology, which is likely also to prove an interesting hunting ground for private equity investment.

Even if a private equity firm was inclined to do the minimum on ESG, their investor base might not let them do so. More and more investors are asking questions on the integration of ESG into a firm's operating model as part of their due diligence before committing to a firm's latest fund. ESG is treated less and less as a box ticking exercise and more as an area on which investors expect to receive thoughtful and detailed responses. Some larger investors are submitting dedicated ESG audits when conducting their due diligence before committing to a fund, asking for evidence of screening of investments for ESG issues at due diligence stage and of ongoing interaction with portfolio companies on ESG issues. European (particularly Nordic) investors have shown a keen interest for a number of years and US investors, particularly US pension plans with a long term investment horizon, have been taking an increasing interest in the social and environmental aspects of ESG over recent years. It only takes a handful of key or larger investors to require this level of ESG information and a private equity firm will need to align their models and due diligence with those expectations.

Effective and accurate data collection and adoption of the appropriate benchmarks and reporting standards is key for integration of ESG into a firm's operating model, due diligence and ongoing portfolio assessment and investor reporting.

Real progress is being made in this area with the Task Force on Climate Related Financial Disclosures (TCFD) (applied by Generation Investment Management, for example, who were used as a case study in the TCFD's 2020 status report), the EU Taxonomy, Sustainability Accounting Standards Board (used by KKR for example who apply its sector specific industry standards for its portfolio companies) and others. The challenge is for the private equity industry (preferably, the funds sector more generally) to settle on agreed standards for benchmarking and analysing data and for reporting standards or process for ESG disclosures to be integrated into financial reporting so that useful comparisons can be made by investors.

How does Jersey fit into this? Jersey is already home to a number of private equity firms who are PRI signatories, with their own Responsible Investing Policies and taking an active approach to applying ESG criteria to their portfolios, some of them for more than a decade. Similarly, Jersey is home to a significant number of fund administration businesses, many of whom are investing into reporting systems for ESG reporting on portfolios and for reporting on ESG to investors, in support of the private equity firms to whom they provide services.

Jersey Finance has launched Jersey's sustainable finance strategy with a detailed pathway to support its implementation over the next two years and will be working with Jersey's finance sector to build capacity and skill in this area. Determined joint action to accelerate transformation of the finance sector and to channel capital flows to meet the coming ESG challenges is essential over the next decade and private equity firms, including the many Jersey based private equity fund managers, are already well on this journey.

The title to this article is the increasing case for ESG in private equity but, in reality, this is no longer the conversation in the PE industry. It is not whether a case can be made for increasing ESG in PE but whether PE firms who are not applying ESG criteria can credibly make a case for choosing not to integrate ESG into their businesses. Many PE firms are at the leading edge in this space and are continuing to invest their time and people into how they can most effectively drive sustainable value creation in their portfolio companies and through them, for wider stakeholders in the economies and communities that support them.

FELICIA DE LAATIS

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Felicia specialises in collective investment funds, with a particular focus on private equity and property funds.

A winning destination for first time fund managers

BY MIREK GRUNA

Regulatory pressures present increased challenges for aspiring startup fund managers. Whilst many new fund managers have extensive experience of the market, what they sometimes lack is a demonstrable track record as a regulated entity. This can mean that despite having the ideas, the strategy and even some investors on board, managers can face lengthy delays to getting off the ground.

Despite these challenges the ever increasing growth of private capital does present opportunity for start-up fund managers. Jersey is a highly competitive market for fund managers and should be considered one of the jurisdictions of choice for startup fund managers.

Jersey has long served as a highly attractive destination for fund managers and has a robust reputation around the world. As a startup fund destination Jersey already offers several key advantages.

Crucially, the market is geographically close and economically well integrated with the United Kingdom and European Union. The Island has a robust and respected court system and case law covering areas relevant to investment professionals.

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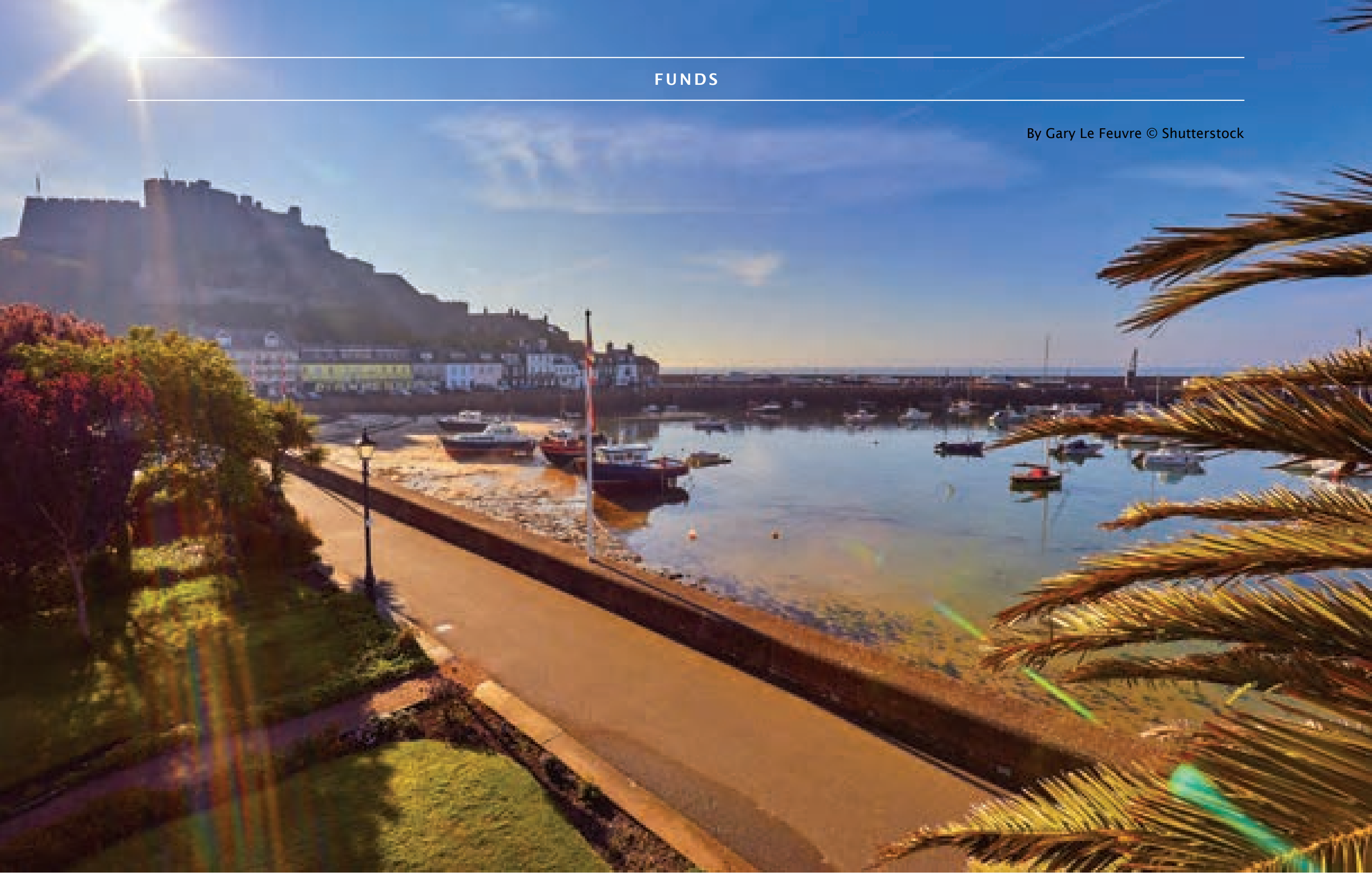

An experienced sector of lawyers, accountants and other advisors means that first time fund managers looking for advice have some of the leading experts in their fields. Finally, a transparent and understandable tax regime enables Jersey domiciled funds to benefit from a neutral tax position.

Despite the global pandemic, Jersey Private Funds have continued to rise in popularity. As of December 2020, nearly 100 new JPFs have been registered on the Island. The Jersey Private Fund regime was introduced in 2017 and is a simplification of the regime of private funds offered previously. Since being brought to market around 400 funds have been formed and they continue to be a popular choice with startup fund managers. The JPF replaced three previous private fund products namely, 'COBO Only Funds', 'Private Placement Funds' and 'Very Private Funds'. The fund is a means of spreading risk by pooling capital – to fall into the auspices of the JPF the fund must involve at least two investors and with a number of underlying investment assets being acquired.

The JPF can be established in Jersey or overseas, meaning it remains an attractive proposition for foreign fund managers. The fund can be structured as a company, a partnership or as a unit trust. If constituted as a company, there is no requirement for Jersey domiciled directors. Similarly, neither the partners nor trustees explicitly need to be based in Jersey. Having said that, there is an expectation from the local regulator (the JFSC) that there should be one or more Jersey based directors serving on a JPF's governing body.

Jersey's offering of the Jersey Private Fund is a major draw for first time fund managers. Aimed at funds making no more than 50 offers to the investors, with some additional eligibility requirements, JPFs are a flexible means of accessing EU and UK

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based investors ranging from institutions to family offices. JPFs represent a competitive and speedy means of entering the market.

One of the biggest barriers to entry for first time fund managers is a lack of track record in alternative investment management. This represents something of a dilemma for new entrants to the market. When a fund manager looks to establish a new fund on their own, they may have the strategy, the ideas and even some investors lined up, whilst lacking the requisite track record. JPFs are a great structure to overcome this need for track record and to move forward.

Speed to market is another significant advantage for first time fund managers. With the delivery of the appropriate documentation to a dedicated online portal, new funds can be registered in as little as 48-hours. In a fast-paced environment where speed is of the essence, being able to reach out to the investors and develop your offering quickly is a major advantage. Combine this with highly competitive fees and it is clear why these funds present such a compelling offering.

Fund managers seeking to establish a JPF must use a designated service provider (DSP). This DSP is responsible for the investor due diligence and ensuring that the investors in the JPF meet the eligibility requirements on an ongoing basis. Finally, the DSP is responsible for updating the JFSC on any changes it should be aware of and to submit an annual return. DSP must be registered pursuant to the Financial Services (Jersey) Law 1998 and in general the DSP is the Jersey-based fund administrator of the JPF.

For many startups it has become increasingly common to employ a platform provider to deliver regulatory hosting. Establishing a new legal entity in the UK obtaining FCA authorisation is outside the reach of most startups, so regulatory hosting platforms represent a cost-effective bridgehead. A London AIFM solution, for example, can give access to integrated fund solutions and ManCo services.

Regulatory platforms work by enabling fund managers to conduct regulated activities by operating as an AR under the host's licence. The host will have permission to act as Alternative Investment Fund Manager (AIFM) and will be responsible for the activities associated with this role. As an AR fund, managers can market the fund under their own name and branding, with the host being responsible for signing off and approving any financial promotion material that you may produce with appropriate risk warnings and disclaimers.

For startup investment managers looking to set up a JPF, regulatory hosting platforms represent a great opportunity to develop a foothold in the UK or EU. It can offer a cost-effective, integrated regulatory infrastructure across different jurisdictions for startup and emerging investment managers without the necessity to relocate or set up new operations. Crucially, these services provide fund managers a vital track record in these jurisdictions. As with JPFs themselves, there is an important time benefit, with platform providers delivering licencing in around two months as opposed to the nearly six months it can take to obtain a licence directly. Regulatory platforms have the added advantage of lending a name and reputation that investors can rely on, crucial when establishing a fund. Like JPFs, regulatory hosting enables managers to keep their focus on attracting investors and building a demonstrable track record.

In private markets where increased barriers to entry have created a narrow field of opportunity for startup fund managers, Jersey is a natural home. A lighter touch regulatory regime, access to excellent advice and administration, plus governance support and the JPF platform, means Jersey ticks many boxes for aspiring fund managers in the alternative space such as private equity, private debt and real estate. By working alongside regulatory hosting providers, fund managers can begin developing strategies and enter the market quickly.

As the past 18-months have demonstrated, private markets have a big part to play in funding technological and medical breakthroughs. The industry can only deliver on these breakthroughs by becoming as wide and diverse a marketplace as possible. The financial services industry in Jersey should lead the way in positioning the Island as being the jurisdiction of choice for startup fund managers.

MIREK GRUNA

Mirek Gruna, Chief Commercial Officer, IQ-EQ, Jersey.

With more than 15 years' experience in financial services, Mirek has a strong focus on working with institutional investors to implement and oversee the governance structures for their international investments. In his role as Chief Commercial Officer for Jersey, he is responsible for developing and implementing key growth strategies for the Jersey cluster as well as participating in group-wide business development and service segment initiatives.

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Jersey: a clear route to market

BY GUY COLTMAN

It is not without good reason that Jersey has become the favoured destination for registering FTSE 100 and AIM companies outside of the UK. Factors of key importance to large corporations such as financial flexibility, familiarity with English company law and a well-regulated environment provide the basis for which Jersey has developed its reputation as an attractive jurisdiction for companies to come to.

There has been an increase in market capitalisation of Jersey listed companies on global exchanges from £269 billion in 2014 to £278.9 billion in 2021. Furthermore, The International Stock Exchange (TISE) has seen the number of listings increase from 2,272 in 2016 to 3,431 securities on its official list at end of June 2021. These are just some examples which explain why Jersey is now regarded as a premier international finance centre.

WHY JERSEY?

There are a number of reasons for why Jersey is chosen as the

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place of incorporation for a holding company of international groups that are seeking to list shares on the world's markets. The Island has a very strong reputation globally. The OECD has confirmed that Jersey is a cooperative jurisdiction in relation to tax and has placed Jersey on its white list. This ensures international confidence in Jersey as a jurisdiction which allows the Island to continue to build its reputation as an established offshore jurisdiction providing world-class financial services in a well-regulated and reliable environment.

Jersey is a stable, tax-neutral environment in which to establish and maintain corporate structures. Jersey companies (apart from locally regulated financial services companies and utility companies) are, typically, zero rated for income tax and are not subject to capital gains tax within the jurisdiction. In addition, there is no Jersey stamp duty on share transfers. Companies can be – and often are – incorporated in Jersey but resident for tax purposes in another jurisdiction. The introduction of economic substance laws in Jersey has particularly helped to protect the reputation of the Island.

Company law in Jersey derives largely from English company law and so Jersey companies very much look, feel and operate like English companies. Investors around the world will be familiar with Jersey company law making it easier to understand the implications of using a Jersey company.

In addition, the increased flexibility that Jersey law permits, from the choice of corporate entity available, to more flexible options on dividends, share issues and financial assistance regimes (there is no prohibition on financial assistance in Jersey for either public or private companies), makes Jersey companies flexible and attractive on both an acquisition and throughout the investment holding period. Jersey companies can have par or no par value shares and the share buyback, share redemption and capital reduction regimes are straightforward.

Share buybacks, share redemptions, capital reductions and distributions are based around the ability of the directors to pass a prescribed solvency statement, rather than a balance sheet test. This provides greater flexibility to companies than that which is afforded to them under English company law.

The COVID-19 pandemic saw it become impractical for shareholders or directors to travel to attend an AGM. Jersey law is also flexible enough to permit the holding of virtual shareholder meetings and the use of electronic signatures (provided that the relevant company's articles do not contain provisions to the contrary) and this has greatly assisted companies in keeping their shareholders and employees safe in relation to the ongoing pandemic.

The flexibility of Jersey law is highly attractive to companies and investors when seeking the place of incorporation for a holding company. If needs be companies can also replicate investor protection and other market standards through a Jersey company's memorandum and articles of association. Furthermore, Jersey law provides a suite of potential options should investors in a Jersey company be looking to exit their investment whether such exit takes the form of a Jersey scheme of arrangement, a takeover, a merger, demerger or an initial public offering.

Jersey company law is largely similar to English law in respect of acquisition structures in that contractual offers are subject to similar squeeze-out mechanics and schemes of arrangement are, broadly, essentially the same as in England. Jersey law does differ from English law in that it provides for a relatively flexible merger/demerger regime, however this is similar, in principle, to other jurisdictions such as Delaware. The Borg Warner / Delphi acquisition is a good example of recent high value acquisition which was affected by way of a Jersey scheme of arrangement.

SPACS

There has been a notable resurgence in the use of special purpose acquisition companies (SPACs) as a means of gaining access to European equity capital markets. The flexibility of Jersey law means that whatever investment structure is envisaged it will be achievable if the SPAC is incorporated in Jersey. Jersey law permits both Jersey and cross border mergers, therefore the acquisition can be completed in the target's jurisdiction of incorporation.

LONDON MARKETS

Jersey has the greatest number of FTSE 100 and AIM companies registered outside the UK. This is partly because Jersey company shares settle in the same way as UK shares on the London market (either through the paperless CREST system or through stock transfer forms). This removes the need for a depository receipt programme or branch register and associated costs. In addition, the UK Takeover Code applies to a Jersey company listed on AIM and the main market of the LSE (other than an open-ended investment company), irrespective of where it is managed and controlled. This is attractive to investors as the Takeover Code is highly regarded among many investor circles.

Wizz Air Holdings plc, a leading airline company, is an example of a Jersey company that is listed on the main market of the LSE. Other examples of Jersey incorporated companies that are also listed on the main board include Predator Oil & Gas Holdings plc, as well as JTC plc and IWG plc. Recent examples of Jersey companies listing on AIM are MJ Hudson Group plc, Wentworth Resources plc and Yellow Cake plc.

US AND HONG KONG MARKETS

There are several Jersey companies currently listed on the NYSE and NASDAQ. Jersey company law is flexible enough to largely reflect the market standards that US investors would expect to see and recent changes to the law allow Jersey company shares to trade using the systems operated by those exchanges including the use of the DRS system. In addition, there are certain share registrars that have operations in both the US and Jersey which enhances Jersey's offering regarding listings in New York.

An example of a Jersey company that is listed on NASDAQ is Quotient Limited.

In 2009, Jersey companies were approved for listing on the Hong Kong Stock Exchange (HKSE). There are currently two Jersey companies listed on the HKSE. While Jersey and Hong Kong company law are both largely based on English company law, where there are differences between the two, the HKSE will expect any issues to be bridged by way of amendments to a Jersey company's articles of association. The company's internal management and the protections and control afforded to the shareholders will therefore largely reflect the 'norms' under Hong Kong law and will be in line with local market expectations.

TISE

In addition to the legal, accountancy, banking and other financial expertise available in Jersey, TISE is a regulated marketplace which offers a convenient and cost-effective service for listing a wide range of securities. Listing on TISE can open companies up to a larger potential investor base and can provide comfort to investors as listed companies become subject to the additional oversight that is given by TISE's Market Authority.

Trading companies, such as SandpiperCI Group Limited (which is the Jersey holding company of an international retail and food service operator), have listed their shares on TISE and TISE continues to be an exchange of choice for debt listings and REITs. TISE has also been working on expanding its range of services and one recent innovation is TISE Sustainable which is a market segment for green, social and sustainable investments, including bonds, funds and trading companies.

TISE implemented new Listing Rules which have been in effect since 2nd August 2021. The new Listing Rules made the rules far clearer and concise in order to facilitate ease of use for issuers and included the introduction of TISE's Qualified Investor Bond Market (QIBM).

TISE also updated its Listing Rules in relation to SPACs. The revised rules will make TISE a more attractive exchange for SPACs, especially those targeting an institutional investor base.

THE FUTURE

It is anticipated that companies will continue to use Jersey vehicles to list on global exchanges.

GUY COLTMAN

Guy Coltman, Partner, Head of Corporate Law, Carey Olsen.

Guy is one of Jersey's most experienced mergers and acquisitions, corporate restructuring and equity capital markets lawyers.

His practice covers a wide range of corporate law, including mergers and acquisitions (M&A), IPO and equity capital market advice, private equity transactions and special corporate situations. He has worked on most of the significant corporate transactions and structures that have had a substantial Jersey element over the last 10 years.

TISE's sustainable transformation

BY KAY MCCARTHY

Record business flows, the launch of a new professional bond market, the establishment of a sustainable market segment and a growing number of recognitions and memberships are just some of the latest developments at The International Stock Exchange (TISE), the Island's locally based global capital market.

Established in 1998, TISE is a regulated market which is uniquely positioned within the European time zone but outside both the UK and the EU. It has staff operating across five international finance centres, including Jersey, serving clients globally. Today, the Exchange has more than 3,000 listed securities on its Official List with a total market value of more than £450 billion.

A growing majority of newly listed securities on TISE are introduced by member firms, such as law firms, banks, fund administrators or trust and corporate service providers, based in Jersey. As such, we are proud to be an integral part of Jersey's financial services infrastructure and the Island's offering to the wider world.

BUSINESS TRENDS IN 2021

Following strong business flows in 2020, volumes of new listings accelerated during the first half of 2021, despite the ongoing global uncertainties of COVID-19 and the transition into a post-Brexit environment. There were 507 securities listed on TISE between the start of January and the end of June 2021, which represented a 30% increase on the previous record set in 2020 for the number of new listings on the Exchange during the opening six months of a year.

During the first half of 2021, it continued to see strong listing volumes of debt securities which finance private equity-backed transactions. It also retained its position as one of the leading European venues for listing high yield bonds, with 59 securities listed in the first half of the year, including issuances from pan-European telecommunications firm Altice, cruise company Carnival, beauty business Coty, hire car firm Hertz and supermarket chain Iceland. It has also seen strong growth in securitisation business, with 45 securities listed on the market in the first six months of the year, which is more than in the entirety of 2020 and included transactions involving leading financial services firms Barclays, CVC and Morgan Stanley.

In the first six months of 2021, TISE has also continued to see growth in listings of UK Real Estate Investment Trusts (REITs). There were 10 new UK REITs listed in that period, which is more than in all of 2020 and included REITs backed by Man Group and Starwood Capital Group. There were 38 UK REITs listed on TISE at the end of June 2021, which represented more than 40% of the total listed UK REIT market.

PRODUCTS AND MARKETS

While TISE is already a major professional bond listing venue, it has been important to build on this position through the launch of our new Qualified Investor Bond Market (QIBM). The QIBM represents a dedicated exchange offering for the listing of bonds marketed to 'qualified investors' such as institutional, professional and other investors experienced and knowledgeable in bond investing. These enhancements ensure we are well positioned to attract a broader and deeper universe of bonds such as securitisations including Collateralised Loan Obligations (CLOs), derivative bonds, sovereign and public bonds.

In parallel to the launch of the QIBM we have also updated the Listing Rules for the Equity Market. Principally, these updates ensure that we are aligned with developing market trends in the US and the UK in relation to the listing of Special Purpose Acquisition Companies (SPACs). These updates ensure that TISE is a more attractive listing venue for SPACs and notably where there may be an institutional investor base. This complements TISE's regime for REITs which has proved particularly attractive for those held by institutional investors and where today we are the second largest market for listed UK REITs.

A key part of TISE's strategy for the diversification of its products and markets is the implementation of a new price discovery and trading solution supplied by Avenir Technology. The platform is designed to operate on an auction basis but with the ability to scale up and accommodate continuous trading if desired. This system will include all the necessary functionality and capacity required to deliver even greater value to TISE's current equity issuers, as well as offering new products and services to a different range of potential clients.

RECOGNITIONS AND MEMBERSHIPS

The development of these products and markets is supported by a growing range of international recognitions and memberships for TISE. TISE is a 'recognised stock exchange' for the purposes of the Quoted Eurobond Exemption as applicable in both the UK and Ireland and is also recognised by the US Securities and Exchange Commission (US SEC), the Australian Securities Exchange (ASX) and the German regulator BaFin.

TISE is also increasingly an actively engaged participant of the international securities industry. It is already an Associate Member of the International Organisation of Securities Commissions (IOSCO) and the World Federation of Exchanges (WFE). Other official memberships, such as the Quoted Companies Alliance (QCA), have been extended through it joining the Association for Financial Markets in Europe (AFME), the International Capital Markets Association (ICMA) and the UN Sustainable Stock Exchanges Initiative (UN SSE).

TISE SUSTAINABLE

TISE's membership of the UN SSE puts it at the heart of global efforts to encourage sustainable investment and provides additional credibility to the launch in July of Europe's most comprehensive sustainable market segment, TISE Sustainable. It provides qualifying issuers and securities with enhanced connectivity, credibility, transparency and visibility among investors and as such, is an enabler for the flow of capital into investments that promote environmental, social and sustainable activities. The launch of TISE Sustainable and membership of the UN SSE, not only reflects TISE's commitment to being part of the sustainable capital markets ecosystem but it also complements Jersey's credentials and its wider ambitions within the sphere of sustainable finance on the global stage.

KAY MCCARTHY

Kay McCarthy, Head of the Jersey office, The International Stock Exchange (TISE).

Kay is a Chartered Fellow of the Chartered Institute for Securities and Investment, a Chartered Wealth Manager, a Member of the Institute of Directors and a Member of the Jersey Compliance Officers Association (JCOA). She is a Financial Services and Investment professional with over 25 years' experience in stockbroking, investment management and client relationship management.

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Jersey's ISPs and the impact of technology

BY PETER CULNANE

Jersey continues to be a leading jurisdiction for international savings products and pension-related schemes. As workforces evolve, population demographics change and globally mobile employees become more common, multinational corporations are focusing on pensions and savings plans to solve problems and attract key talent.

Jersey offers various products and schemes that help employers arrange pensions or savings plans, thereby circumventing liquidity and liability challenges. Increasingly, pension products like the Jersey International Savings Plan (ISP) are also in demand from forward-thinking businesses with global workforces. These companies often want appropriate arrangements to attract top talent through innovative employee benefit schemes.

As Jersey looks to cement its position as a jurisdiction of choice for pension schemes, we look at the success of Jersey ISPs and explore how technology will shape the future of the pension industry.

JERSEY ISPs

Jersey introduced the formal recognition of ISPs in early 2019. The legislation was created in response to the Jersey Pensions

Association's vision, working in collaboration with Jersey Finance to develop a Jersey-based solution for global companies that needed flexible savings plans administered in a highly reputable jurisdiction.

Despite being introduced just two and a half years ago, the Jersey ISP is already well-known for being highly flexible and adaptable, regardless of the size of a company or the locations of its workforce.

BEYOND THE GULF: THE GLOBAL APPEAL OF JERSEY ISPs

Jersey ISPs were, in part, introduced to support employers who have significant expatriate workforces across the Gulf region. Countries in the Gulf Cooperation Council (GCC) identified that traditional end of service gratuity (EOSG) schemes were not always supporting the needs of employers or their highly mobile and more investment-savvy employees.

In particular, the DIFC (Dubai International Financial Centre) has led the charge in the Gulf when it comes to providing an alternative to EOSG schemes, particularly with DEWS (DIFC Employee Workplace Savings), which was introduced in 2020.

Jersey ISPs are not only suitable for use as an alternative to EOSG Schemes in the GCC, they are also ideally suited to meet the needs of international corporations based anywhere in the world.

To this end, Jersey is seeing increasing interest in ISPs from multinational companies who may or may not have a connection to the Gulf region. Generally speaking, firms with disseminated workforces are the institutions most likely to find ISPs particularly advantageous. The gas, oil, and maritime industries are prime examples.

It is worth noting that ISPs are not a 'pension only' product. They can also encompass savings schemes and share options, depending on a company's reward needs and objectives.

Looking forward, as global corporations become more open to remote workforces, we believe there will be continued interest in ISPs from other corners. Remote working is accelerating new recruitment trends and companies are increasingly looking to hire from a worldwide talent pool, rather than limiting themselves to hiring in locations where they have a presence. Highly attractive savings and pension schemes will help attract and retain top talent and standardise a company's global pension offering – an important consideration for employees.

Because ISPs can be tailored by employers, they are not only designed to facilitate pay-out at the end of employment. Instead, employers can also trigger pay-outs for significant life events, such as redundancy, a health issue, or potentially use for asset protection and succession planning.

JERSEY'S TECH DRIVEN TRUST BASED SOLUTIONS

We cannot talk about ISPs without touching on how the pandemic has shaped the future of the pensions industry.

The pensions industry – like every other – is seeing a huge need

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for digital transformation. In many ways, the pandemic simply sped up this process. Over the past year, we have seen clients and key players in the pension industry streamline and expedite the ways they carry out their activities, using technology.

For all its benefits, technology can be a double-edged sword. On the one hand, it facilitates communication, making it easier and faster for clients and service providers to stay in contact with one another. On the other hand, differences in how technology is used and the multitude of different systems and platforms in play mean that technology can effectively fracture working processes or leave the door open for miscommunication, delays and risk, let alone cyber fraud.

Adhering to regulations and managing risk must be a consideration when the pensions industry thinks about technology. It goes without saying that there needs to be auditable data trails, confidentiality needs to be duly maintained and important business correspondence needs to be through appropriate channels in line with each party's contractual obligations.

Doing things by the book does not mean stepping back to the ages of wet signatures or reverting to complex, paper-heavy processes that hinder rather than help get things done.

The winners of digitalisation in the pension space will be the firms that strategically invest into and implement technology, providing clients and intermediaries with tangible and long-term value.

Digitalising and streamlining business is not simply a question of using more technology. I believe that clients and partners are looking to us to use technology more strategically and showcase the results of its use.

Over the past year, I have been involved in work towards the launch of a new digital platform, set to become one of Jersey's first fully digital, low carbon, trust-based pension solutions.

The advantages of digitalising are twofold. First, clients and intermediaries will be able to access a cloud-based portal from anywhere in the world, have instant access to documents, be able to sign and submit documents, including ID verification, faster and have their structures set up more quickly. Second, we can significantly reduce our emissions. We have long been thinking about how we can reduce our carbon footprint, especially in the context of how much post we send and receive in Jersey. By digitalising our processes and removing all paper, we can reduce the carbon footprint of our day-to-day client-based operations to nearly zero.

JERSEY FOR ISPs

As with any product, there are several competing schemes in many jurisdictions for companies to choose from. So why Jersey for an ISP, rather than one of the competing products in another jurisdiction?

In many ways, the answer is surprisingly simple: businesses want to set up structures in jurisdictions where they can carry out their activities with conviction and confidence. The pandemic has reinforced global companies' desire to opt for first-class jurisdictions that offer access to consummate expertise. A regulatory framework that facilitates this type of structure's advantages while remaining firmly transparent is also in demand. Here, Jersey is indisputably a front runner.

Amid so much uncertainty – particularly that borne by the pandemic – investors are increasingly unwilling to take risks on where they set up their structures. As a result, they continue to prioritise locations that offer a robust legal infrastructure and a track record of economic and political stability.

Looking forward, we see significant opportunities for Jersey's pension and international savings industry. We believe that as a jurisdiction, Jersey will remain a top location for international savings plans and demand for Jersey managed international savings and pension-related schemes will only grow in the future.

PETER CULNANE

Peter Culnane, Secretary, Jersey Pensions Association (JPA).

Peter is Director & Head of Pensions at Fairway Group and has over 18 years accumulated experience within the UK, Jersey and international pension arenas. His background is in investment management, international financial planning and as a pension trustee.

Peter's expertise spans the personal and corporate pensions markets in Jersey and includes the structuring of multijurisdictional pension schemes and international pension transfers. He has also represented both the domestic and international pensions industry in Jersey, as a member of numerous Working Groups responsible for advising the Government of Jersey on legislative change.

Peter is a Fellow of the Securities & Investments Institute, an Associate of the Institute of Financial Planning, a Member of the Institute of Directors and is a Certified Financial Planner.

Banking on Jersey for 60 years

BY ALEX WRIGHT

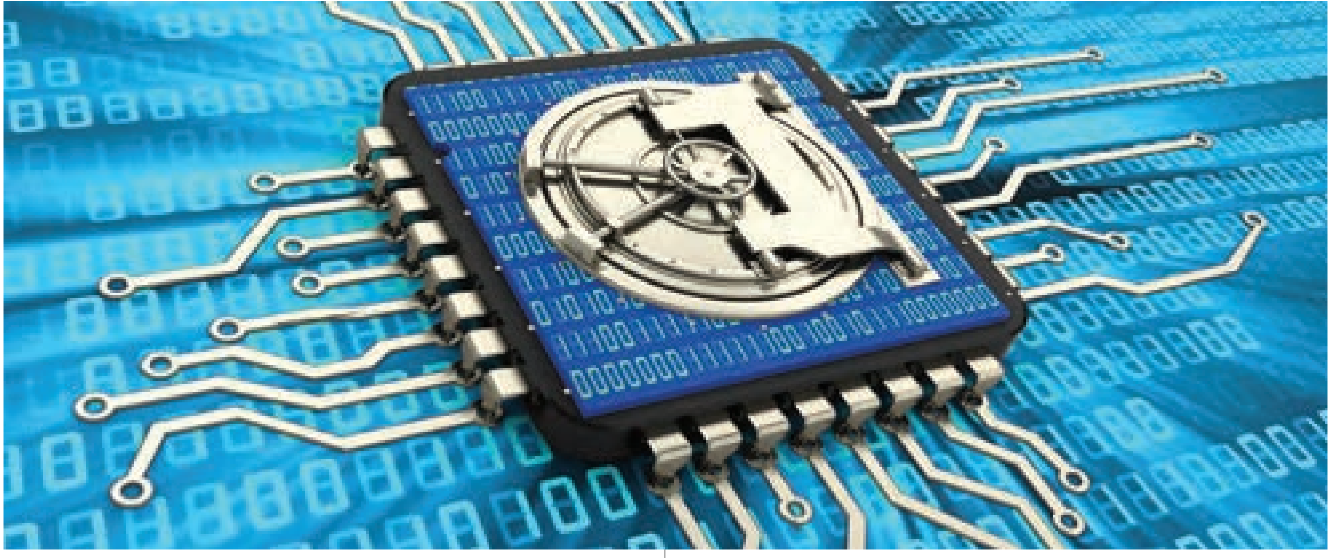
This year marks the 60th anniversary of Jersey establishing itself as an international finance centre (IFC). The Island has come a long way since the first bank was opened by M (Hill) Samuel in 1961, the forerunner to the Hill Samuel Group, closely followed by Kleinwort Benson a year later and a host of others soon after.

Over the next decade, building on the foundations laid by Senator Cyril Le Marquand, Jersey soon became a jurisdiction of choice for UK investors and expatriates going there to retire. This was largely due to the Island's strong and stable fiscal, tax, legal, regulatory and political regime for international business as well as its broad range of financial services.

Such was its global appeal that, in 1969, First National City became the first US bank to open an office in Jersey. By 1970, 25 deposit-taking institutions had been formed under the 1967 Depositors and Investors (Prevention of Fraud) (Jersey) Law, holding almost £500 million in deposits.

The banking industry continued to flourish throughout the 1970s, with a big increase in the number of banks, deposits, investment funds and trust activity as it strived to enforce the latest international standards and enhance its reputation as an IFC. The sector had grown to such an extent that, by June 1981, bank deposits had risen to £10 billion, held by 42 registered deposit takers, much of which was used to fund international loan operations in Latin America and the Far East.

The banks used their Jersey subsidiaries to book these loans because the profits were taxed at a significantly lower rate than in the UK of two to four percent, agreeing an 'introduction' fee with the Comptroller of Income Tax to offset against any



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profit earned. The UK's decision to end its exchange controls in 1979 further opened up the Island to fund investment and new company formations, which reached 2,474 by 1981.

Financial services continued to boom on the Island during the 1980s, driven by business growth, global wealth creation and a surge in investment in property, equities and commodities through mutual funds.

Having weathered the 2007 global financial crisis, by June 2010, total bank deposits stood at £167 billion and collective investment funds £176 billion, while there were 46 bank licenses, down from a high of 79 in 1998.

Today, Jersey is home to more than 20 banks from the UK, Europe, North America, South Africa, Asia and the Middle East, with range of private and institutional clients worldwide. The Island's banks now hold £129.3 billion in deposits and employ more than 13,500 finance professionals.

Throughout, Jersey's banking industry has strived to capitalise on new opportunities and emerging overseas markets, such the BRIC (Brazil, Russia, India and China) economies, helping parent banks to address the immediate liquidity gap left by the financial crisis. "Jersey is well known as one of the most developed and mature offshore financial centres in the world," said Henry Baye, chief executive officer of Standard Chartered Bank, Jersey and a member of the Jersey Bankers Association Committee. "There is a well-developed and experienced ecosystem of various firms including funds, trusts, law firms, accountants and family offices that are among the best in the world."

The Jersey Bankers Association (JBA) has continued to tirelessly represent the interests of the Island's banking sector since its inception, supporting open and constructive dialogue with the Government of Jersey and the regulator, the Jersey Financial Services Commission (JFSC).

The JBA also collaborates with professional bodies and trade associations, as well as other key stakeholders, through its committee, sub-committees and working groups.

Since its formation in 2001, Jersey Finance has also played an active role in promoting the Island's banking and finance sector across the world, visiting and hosting events in key markets including the UK, Europe, Africa, China, India, the USA and the Gulf region. During that time, the not-for-profit organisation has pursued its vision of selling Jersey as a gold-standard IFC, working with financial services firms to champion the industry by advocating the highest regulatory standards and the best products and services available to global investors.

Jersey Finance also continues to work closely with the Government and JFSC, to ensure that the banking industry has a voice at the table when it comes to enacting the latest legislation and regulation.

Jersey's banking sector and its associated professional service providers have also focused on improving the quality of their personnel and ensuring they continue to attract the brightest and best talent through dedicated training programmes.

Like many other sectors, Jersey's banking industry has had to contend with a host of challenges caused by the COVID-19 crisis. In response to the restrictions imposed as a result of the pandemic, the industry has pivoted, with all those staff who could being required to work from home.

The crisis has also accelerated the digital transformation of the sector through the development of greater technological capabilities such as artificial intelligence, machine learning and the Internet of Things, enabling deals to be transacted faster and more efficiently than could ever have been envisaged just 12 months ago.

"Jersey's installation of 100% fibre to the premises for all fixed broadband connections, both commercial and residential, meant that financial services was able to function as normal with remote working," said Baye. "The agility of the industry ensured that with the use of technology all firms managed to serve clients without a hitch."

Moving forward, the sector remains on the cutting edge of innovation and product development and diversification, whilst constantly evolving to meet current and emerging challenges head on and capitalise on new opportunities.

Sixty years on from its inception, Jersey's banking industry continues to thrive, with more new business coming to the Island's shores every day.

If it continues on this trajectory, 60 years from now, the Island will have firmly established its legacy and position at the forefront of international banking and finance.

ALEX WRIGHT

Alex Wright, Business Journalist.

Alex was previously the news editor of Insurance Times and Global Reinsurance, as well as the deputy business editor at The Royal Gazette in Bermuda.

He currently edits for The Guardian, the Mail on Sunday, The Sunday Times and The Telegraph, among others.

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Sustaining an agile corporate services environment

BY SEÁN O'CALLAGHAN

Jersey has always been an adaptable jurisdiction with knowledge and expert insight for corporates and institutions requiring banking advice and administration services for their financing, funding, M&A and cross-border activities and this is set to continue as international businesses contend with the challenges of the post-pandemic environment.

As we mark the 60th anniversary of our financial services industry it is clear a lot has changed from when Jersey first established itself as an international finance centre back in 1961. Jersey's financial history dates to 1768, with the creation of the Jersey Chamber of Commerce, the oldest in the Commonwealth. Since then, the Island has evolved and adapted to thrive as a financial centre of excellence.[1]

In the early 70s, the Jersey's economy was very different with tourism contributing to more than half of the Island's income, finance was at just 9%.[2] The Island's forward-thinking approach, saw the renowned Colin Powell appointed as Economic Advisor in 1969, with the explicit brief to conduct research into the 'nature and characteristics of the Island's economy… to provide forecasts of the rate at which it is likely to grow'. Powell advocated for the support of high-quality businesses, which led to Jersey authorities limiting bank licenses only to those in the world's top 500 banks. Jersey soon became home to around 50 banks from around the globe and this was the catalyst to the expansion in Jersey's economy.[1]

Jersey is now home to a sophisticated range of international banks, trust companies, law firms and a fully formed specialist intermediary market that employs over a fifth (22.5%) of the Island's population and is contributing with a Gross Value Added (GVA) of nearly two fifths (39.5% in 2019) of the Jersey economy.[3]

This transformation has not been without its challenges and over the decades we have seen the sector reinvent itself to meet client demand, capitalise on emerging trends and remain competitive to other financial jurisdictions.

HISTORICAL SIGNIFICANCE SHAPING TODAY'S SUCCESS

In 1984, Jersey became the first jurisdiction to bring trust and company service providers within a regulatory regime by passing the Jersey Trust Law.[1]

This foresight and adaptability of the Jersey elected parliament and judicial system allowed us to be agile to emerging trends and to put the right legislation in place to remain competitive. The Island's strong, highly regarded regulatory frameworks and tax neutrality enabled Jersey to attract innovative businesses to engage with finance in our jurisdiction. All these factors made Jersey the ideal destination for the headquarters of the newly launched RBS International back in 1996, following in the footsteps of NatWest, which started its corporate finance journey on the Island offering banking services to customers under the Williams Deacon Bank brand, first established in Jersey in 1963.[4]

ENTERING THE MODERN ERA

At the turn of the millennium, customers' requirements were evolving at an exponential rate and technology was struggling to keep up with demand – at the time download speeds for everyone were very slow. In the late 90s electronic banking only provided visibility for a small number of accounts, it would take corporates significant amounts of time to download the balances and transactions of their accounts. As a result of this, we launched the eQ platform – allowing corporate clients to view and monitor multiple accounts and in multiple currencies – which was developed in Jersey in conjunction with corporate service providers for the local market, evolving to provide day-to-day banking solutions.

In 2020, RFI Group's Global Digital Banking Report, identified that 70% of global banking customers use digital banking channels weekly.[5] It is unsurprising that the key requirements and differentiating factors for any corporate bank, is having a flexible digital offering tailored to their customers.

Businesses are valuing automation and digitisation more than ever before. Although the pandemic has accelerated the speed in which this demand has grown, the rate of change in recent years has been impressive. In fact, we have probably seen more changes to the industry in the last decade than we have at any other time in the history of corporate banking.

Depositary services has emerged in recent years as the cornerstone of governance. The depositary function is looking to evolve and we are using Cloud technology to change the way we work, looking to use more automation, Artificial Intelligence (AI) and API connectivity to data providers to create

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this additional capacity by working more efficiently. This new approach will enable us to respond quickly to evolving industry and client expectations.

Despite the ambition to become digital-first, it is important not to lose the personal touch. As much as technology can enhance services, we must remember the importance of specialists and what Jersey as a corporate services destination is good at – knowledge and expert insight. The balance between powerful technology, great advice and personal relationships is critical, as it is only when these elements work in synergy with one another, will customers see significant results.

The relationship between technology and the personal touch, became even more prevalent in the last 18-months. The disruptiveness of the Coronavirus pandemic completely changed the fundamental ways we look at business. The advancements of digital technology have enabled remote working to become the norm around the world – with many in Jersey much the same – implementing a model with a remote-first approach, allowing staff to choose between remote, hybrid or office-based working to suit their needs. We know many clients are looking at similar modes of working and future corporate services need to be agile enough to provide solutions that organically fit the businesses they support.

THE GREEN EVOLUTION

In 2004, UN Secretary General Kofi Annan wrote to over 50 CEOs of major financial institutions inviting them to participate in an initiative exploring ways to integrate environmental, social and governance (ESG) initiatives into capital markets. A report in 2005 'Who Cares Wins' and a subsequent report called the 'Freshfield Report' showed that ESG makes good business sense, leads to more sustainable markets, better outcomes for societies and is relevant for financial valuation. Later reports published in 2013 and 2014 showed that good corporate sustainability performance was associated with good financial results.[6]

Seeking to remain agile and in the vanguard of such initiatives, Jersey commissioned a report in 2020, resulting in the development of 'Jersey for Good – A Sustainable Future', the Island's long-term strategy and collective vision for the industry. This was further supported with the publication of 'Jersey's Pathway to Success' a two-year plan to accelerate the journey towards a sustainable future.[7]

Over the last year we have experienced investors (rightly so) scrutinising ESG strategies to a greater degree than ever before. Our customers face material investor demand to demonstrate tangible actions rather than stating goals. The ability to deliver an ESG strategy is crucial to a company's license to operate and their access to economic capital.

It is clear that ESG is more than a trend and is here to stay. For example, NatWest Group has introduced climate as one of the three focus areas for its purpose-led strategy, aiming to deliver the greatest environmental and social impact to stakeholders and we have appointed a dedicated ESG lead who is educating a team of 140 colleagues in climate matters, to ensure ESG considerations are fully embedded as the default way of thinking.

Later this year Jersey's banking sector will take centre stage at COP26, highlighting the way in which corporate banking could support global decarbonisation and drive positive environmental change.

THE NEXT 60 YEARS

Jersey has long been the jurisdiction of choice for corporate organisations to seek expert advice, administrative services and banking support.

To reinforce and maintain the Island's position as a world leader in finance, we all need to invest, innovate and adopt technological advances, commit wholeheartedly to a sustainable future and most importantly continue to support our people and the communities we serve.

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SEÁN O'CALLAGHAN

Seán O'Callaghan, Head of Institutional Banking, RBS International, Jersey.

Seán has 20 years banking experience across Ireland and Jersey. He has worked with RBS International on Jersey since 2005 and has been in his current role as Head of Institutional Banking since May 2019, leading a team of 34 coverage bankers supporting locally based corporate service providers (CSPs) and fund managers with a wide suite of services. Seán is also part of the Institutional Banking leadership team, which sets and manages the strategic direction for supporting CSPs and fund managers across RBS International's six jurisdictions.

Accounting for over 60 years

BY STEVEN HUNT

Accountancy has played a vital role within Jersey's financial services industry for the last 60 years and continues to underpin many of the services the Island provides for individuals, institutions and corporate clients.

As a comparative newcomer to the accountancy scene, many of the early developments in the local industry were already historical by the time I started my career as a graduate around 25 years ago. However, having followed my father into the profession, I did experience some of those earlier developments vicariously during my formative years. The afterglow of that period was also still very much in evidence when I joined KPMG as a trainee.

For us junior members of staff, the majority of our work was still handwritten, figures were cast by calculator and we only occasionally had access to such technological marvels as laptops and spreadsheets. Faxes and formal letters remained the primary means of written communication and although email was not long around the corner, it was a very different animal to what it has become today – I can recall our IT manager 'dialling up' the internet just a couple of times each day to retrieve and send the latest batch of messages.

So it is not hard for me to imagine accountants in those early years enjoying a more civilised pace of work, with exchange of formal correspondence measured in days rather than minutes or seconds, time set aside for important yet leisurely business lunches or the occasional afternoon negotiating on the golf course and wholly principles-based accounting rather than the complex and arcane rules that often prevail today.

The Jersey Association of Practising Accountants, established in 1954 and a precursor to the present Jersey Society of Chartered and Certified Accountants (JSCCA), existed at a time when there were still relatively few audit firms in the Island. I am told anecdotally that the principal business of the Association was to hold an informal quarterly lunch between representatives from those firms, to discuss business like staff housing matters and agree not to poach each other's staff.

Since it was established in 1974, however, the remit of the JSCCA is much more comprehensive. Its present membership includes representatives of all the major accountancy networks which are present in the Island, along with many other smaller boutique firms, members working in a wide variety of roles across industry, together with those that have progressed to become business leaders in the Island.

It follows that in promoting such an extensive range of interests, the JSCCA is kept very busy as it aims to strike a balance which works for its membership as a whole.

However not everything has changed; the JSCCA's constitution remains largely untouched and the core objectives of the society which were agreed during its first AGM continue to be as relevant today as they have always been:

- to promote the study of accountancy: we have recently established a student society, which will provide the next generation of accountants with opportunities to network and further their professional development;
- to encourage cooperation between members and participate in matters concerning the accountancy profession: the society represents a broad range of interests and promotes views from across its membership;
- to provide a forum for discussing matters of mutual interest and for the expression of professional opinion on matters of public interest: as well as updating members on developments on and off the Island, we actively contribute to industry consultations, for example helping to shape developments in law and regulation as far as they concern accounting matters;
- to communicate with other authorities in the Island and other professional bodies: by participating in industry forums and advising bodies such as Government, the JFSC and Jersey Finance, the JSCCA actively works to enhance Jersey's offering. We maintain strong links with other related

organisations such as the GSCCA in Guernsey and the UK's professional bodies (ICAEW, ICAS and ACCA) to ensure that we are aligned on key areas of interest; and

- to promote high standards of professional conduct: this is critical to maintaining confidence in the industry and to ensuring that public interest is taken into consideration in the work that accountants do.

My own experience reveals how members of the JSCCA work tirelessly to support the Island's competitive advantage and protect its reputation in providing services of the highest quality. Fittingly for a leading international finance centre, Jersey successfully attracts the best of talent from overseas (my own firm counts around 36 different nationalities); the Island is, after all, a genuinely attractive place for accountants to live and do business in. They not only work in practice but fill senior roles across the financial services industry and it goes without saying that with such great breadth and depth of expertise in the Island, there will inevitably be a wide choice of accountants and specialist service providers to work with, whether you are looking for support in tax, auditing or accounting.

That has been a brief journey through the past and the present – now, what to the future of accountancy? One so-called mega trend that will surely shape things to come is digital transformation.

As an industry, we have long been used to experimenting with and implementing new technologies and I expect this will continue to accelerate. The pandemic has sped up the process of change.

Uncertainty has encouraged innovation and thinking outside the box and in making such a rapid shift to entirely digital ways of working, the whole industry has demonstrated its flexibility and adaptability to continue to effectively do business, whilst staff were forced to work from home. I began this article by describing some of the technology that shaped the early days of my career; that relatively recent past is already unrecognisable to those just starting out.

Now, the cloud means that I can access my audit files, communicate and collaborate effectively from anywhere with an internet connection. Helpfully, my staff can be working from any location; it is much easier to pull cross-border teams together virtually and draw on highly specialised skills that are available in the Island or elsewhere, to service the international and increasingly complex clients based in the Island. It does not take a huge leap of the imagination to realise how collaboration and meetings might take place using augmented reality to project virtual team members into real-life settings.

Another way in which the future of technology is being felt right now is big data. Accountants already crunch large volumes of data to perform higher quality and more efficient work. What is changing and will be enhanced further in the course of time is the use of artificial intelligence, which allows systems to learn to interrogate on their own, to perform advanced analytics which enables more insight to be gained from huge data sets. This technology will allow accountants to play an even more active role in the running of businesses. It will, for example, mean outliers such as fraudulent transactions are actively identified in real time, rather than via a point-in-time check using stale data.

Finally, blockchain is one more recently emerged technology which has the potential to transform the profession. Widely recognised as the platform used by Bitcoin, blockchain is a cryptographically secure way of recording the transfer of ownership of assets and maintaining a ledger of accurate financial information. For accountants, reducing the costs and time spent maintaining and reconciling ledgers would dramatically improve efficiency. This will free up resources to concentrate on more value-adding tasks, rather than recordkeeping.

Whatever the future may bring, my view is that machines, no matter how well they are programmed, cannot replace people. The robots will continue to rise but technology will support, not replace, accountants. Just as my predecessors would remind us, it is the value of relationships, professional judgement and the trust built with clients and stakeholders that really matters. The profession will continue to adapt and stay relevant. I can state with confidence that the local accountancy industry is in good shape to respond to whatever changes and challenges may arise, whilst the JSCCA's objectives – in fulfilling its role of supporting the local industry – will continue to stand it in good stead for years to come.

STEVEN HUNT

Steven Hunt, President, Jersey Society of Chartered and Certified Accountants (JSCCA).

Steven Hunt (FCA) is an audit partner at KPMG, having joined the firm as a graduate trainee in 1996. After qualifying as a Chartered Accountant, he spent several years gaining broad experience within KPMG's alternative investment funds practice. During that time, he was based in the Cayman Islands and the British Virgin Islands, where he launched and managed the firm's successful audit practice. For the past 14 years, Steven has been based back at home in Jersey; he advises a wide range of clients on auditing, accounting and regulatory matters.

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A tranquil night in St Helier, Jersey. By Vadim Nefedoff © Shutterstock

Jersey: the perfect location

BY KEVIN LEMASNEY

As a safe and beautiful jurisdiction with a world-class business infrastructure, an excellent education system and regular flight connections to the UK and Europe, Jersey is the ideal place to find a genuine work-life balance and raise a family.

Jersey has long had a reputation for attracting successful companies and the entrepreneurs that run them but why do they come? If you were to ask them, the people who move to Jersey would probably say it was down to the quality of life it offered, with its combination of a business friendly working environment, a family friendly natural environment and great transport links to the UK and Europe. They might also mention its world-leading digital infrastructure and its beautiful shores which make it an attractive jurisdiction to work and bring up a family.

This blend is proving attractive to a new generation of younger

La Corbiere Lighthouse, Jersey. By GaudiLab © Shutterstock

entrepreneurs who are looking for a place that meets both their lifestyle and business expectations, with an environment that combines a forward thinking approach to innovation and excellent regulation. Not only does Jersey have beautiful scenery, tranquil country lanes and warm, sandy beaches but also a blossoming hub of business innovation, particularly in its financial services and digital sectors, making it a location for those who want to work in a thriving, international centre of excellence but who also seek a balanced lifestyle.

WHY MOVE?

Anyone choosing to relocate has much to consider. Key factors that attract them to Jersey include the Island's standing as a well regulated and world-leading international finance centre, the safety and privacy the Island offers, its corporate and personal tax environment and its easy access to the UK and beyond – London is a 40-minute flight away, 11 times a day. They also value the financial expertise, access to capital markets and business support available which can help to protect their worldwide assets and enable business growth.

For those with families, Jersey's appeal also lies in its high quality healthcare facilities and education system, its rich rural heritage and its ability to satisfy food lovers with a wide range of excellent restaurants, bistros and cafés, all serving exceptional homegrown produce from land and sea.

Living in Jersey gives you the ability to be home, on the beach, or in breathtaking countryside within minutes of leaving the office and the range of properties available to make your home is as diverse as the Island itself – from luxury waterfront apartments and historic cod houses to contemporary sea view beach properties and picturesque granite farmhouses.

WHAT IS INVOLVED?

Unlike some jurisdictions, high net worth individuals (HNWIs)

wishing to apply for residency in Jersey and businesses wishing to relocate part or all of their operations to the Island, need to meet certain criteria, to be considered.

A team in the Government of Jersey is able to provide advice and guidance on the application process, working with other government colleagues and the private sector to ensure a joined up approach and a smooth transition to living on the Island.

A key consideration for Government during this process is that an individual applying to move to the Island should bring benefits to Jersey, whether through business or socially, underlining the importance of the Island's community and the commitment to the preservation of Jersey's culture and integrity.

For that reason, any HNWI applying for residency must have a net worth of over £10 million, a comfortable and sustainable annual worldwide income in excess of £725,000 per annum (on which they would pay 20% tax £145,000, all other income excepting property is taxed at 1%) and be planning to make Jersey their principal place of residence.

Businesses will need to submit an application form with a supporting three-year business plan for their new Jersey business, covering areas such as business background; why they wish to relocate the business; key benefits to Jersey; audited accounts; proposed staffing for the Jersey business (including information on any Business Principal(s) and key staff that would require a licence); along with financial projections (years one, two and three) for the new business.

Where businesses and people flourish Jersey is well regarded worldwide and its commitment to the highest standards of regulation, as reinforced by global bodies such as the IMF, OECD and EU, provides a surety for those wanting to continue their work from the Island.

The golden sands and clear shallow waters of Portelet Bay on Jersey's south coast, ideal for swimming and snorkelling. By Gary Le Feuvre © Shutterstock

Jersey is part of the British Isles but is also referred to as a 'Peculiar of the Crown', signifying that Jersey owes its allegiance to the British Sovereign and not Parliament. Because of this historic royal relationship, Jersey is self-governing with independent fiscal, political and legal systems while still maintaining strong ties to both the UK and Europe.

Thanks to forward thinking by the Government of Jersey in developing a digital-first agenda, it is considered a real centre for business development. The Island became the first jurisdiction in the world to make 100% pure 1GB fibre available to every broadband user, creating an environment where businesses and people flourish. The implementation of this stable, resilient and highly developed communications network meant that, in 2020, Jersey ranked second in the world for broadband speed, making it the fastest in Europe. This makes a difference for business owners as it enables them to experience the same, if not a better, standard of provision as they would in any large city.

Jersey also benefits from an increasingly diverse economy, prompting growth in many different areas. Over recent years, to complement its well established financial services sector, Jersey has seen a range of innovative businesses and successful entrepreneurs move to the Island from areas including R&D, medical and biosciences, fintech, digital marketing, architecture, renewable energy and natural resources.

Those businesses relocating are using the services of existing local businesses and sharing their expertise and experience, as well as pursuing their own business interests and employing local people.

IN JERSEY, A WORK-LIFE BALANCE REALLY IS ACHIEVABLE

At its core, Jersey is a great place to live and work and that enduring appeal, along with the cosmopolitan lifestyle, is incredibly attractive for individuals and families needing the best of both worlds. Time and again the feedback from those who have moved to the Island is that it is the lifestyle that has really made their minds up – particularly when they are bringing their families with them.

A family orientated community with a rich heritage, outstanding natural beauty and a multitude of leisure and sports opportunities, provides a perfect counterpoint to Jersey's thriving business environment. With an excellent stock of high quality homes and good transport connections to Europe and UK too, it really is a blend that is hard to beat.

KEVIN LEMASNEY

Kevin Lemasney, Head of High Value Residency Engagement, Locate Jersey - Government of Jersey.

Kevin is responsible for assisting and relocating high net worth individuals (HNWIs) and their families and businesses to the Island.

The single point of contact for all interested and established HNW families, he is responsible for assisting them through the process of applying for residency and moving to Jersey. He provides comprehensive, independent, confidential, and free advice throughout the process, something he is well placed to do having himself relocated with his family in 2001.

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ADDITIONAL RESOURCES

JERSEY FINANCE

www.jerseyfinance.je
Jersey Finance represents and promotes Jersey as an international finance centre (IFC) of excellence and is funded by members of the local finance industry and the Government of Jersey.

JERSEY GOVERNMENT AND REGULATION

www.gov.je
The official website of the Government of Jersey.

www.jerseyfsc.org
The Jersey Financial Services Commission (JFSC), responsible for the regulation and supervision of the Island's financial services industry.

www.locatejersey.com
The official website of Locate Jersey which assists individuals or organisations looking to relocate to the Island.

DIGITAL JERSEY

www.digital.je
Working alongside government and industry, Digital Jersey coordinates activities towards improving the Island's environment as a location of choice for digital business.

JERSEY BUSINESS

www.jerseybusiness.je
Jersey Business provides free, independent, confidential advice and support to businesses in Jersey.