



**Jersey Finance**

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# The Jersey Model

Jersey is one of the few jurisdictions with an existing effective, fit-for-purpose, central register of company beneficial ownership and is a world leader in this regard.



**Factsheet**

# An effective approach

**The information contained within Jersey's register is subject to strict and robust validation by regulated professionals.**

The register, together with other legal and regulatory requirements, enables Jersey to provide law enforcement and tax authorities with 'adequate, accurate and timely' data on the beneficial ownership of Jersey companies – the specific requirement of the FATF Recommendations, however the register is not available publicly.

**In line with the FATF Recommendation, the following system operates in Jersey:**

- Statutory requirements are placed on companies, foundations and incorporated partnerships to keep information on shareholders, council members and partners at their registered offices.
- The Island's financial services regulator, the Jersey Financial Services Commission (JFSC), collects information on the ultimate beneficial owners of companies at the time of incorporation.
- That information is kept accurate and current either by the JFSC or by the relevant trust and company service provider (TCSP). All TCSPs are required to apply preventive measures under Jersey's anti-money laundering laws and are regulated and supervised by the JFSC for compliance with those measures.
- Taken together, the effect is that information on beneficial ownership is available at a specified location in Jersey, being: (i) the registered office of the company (ii) and/or premises of the JFSC; and/or (iii) the office of a regulated TCSP.

## Company incorporation consent

Companies are only able to be incorporated in Jersey with the JFSC consent.

Prior to giving consent, the JFSC requires upfront disclosure of the name, address, date of birth and occupation of each of the ultimate beneficial owners who are to have at least a 10% interest in the company immediately following registration.

The JFSC enforce strict limitations on who may apply to incorporate a company.

Consent for incorporation will only be granted where an application is received from:

1. A TCSP that is registered (and regulated as such) to form companies or partnerships under the Financial Services Law; or
2. A Jersey resident individual. In this case, the individual must present evidence of identity to the Commission at the time of application (usually a passport and utility bill less than three months old).

## Information verification

Information collected on beneficial ownership is subject to a number of independent checks, e.g. Consolidated List of persons subject to sanctions legislation in Jersey, WorldCheck, Internet and regulatory databases maintained by the JFSC.

## Ongoing monitoring

There is a legislative requirement that TCSPs must also apply ongoing monitoring during a business relationship. This includes ensuring that documents, data or information obtained under identification measures, including regarding ultimate beneficial ownership, are kept up-to-date and relevant by undertaking regular reviews of existing records.

In order for the JFSC to be able to enforce and supervise adherence to these requirements, the JFSC has a statutory power to conduct routine examinations of businesses carrying on regulated trust and company services.

## Access to information by competent authorities

Following due process, the Bailiff (being Jersey's chief judge) may require a person, including the JFSC or a TCSP, to produce material to law enforcement authorities within such a period as may be specified.

Additionally, through information held at the JFSC, law enforcement and other competent authorities are able to link a legal person with a specific TCSP, thus locating beneficial ownership information.

Legislation is in place to ensure that, in accordance with international obligations, information that is available can be readily provided to tax authorities and law enforcement authorities when sought. Specifically, in respect of the UK-Jersey relationship, this has been formalised through the recent Exchange of Notes between the UK and Jersey which will provide for non-urgent queries to be dealt with inside 24 hours and urgent queries within one hour.

Additionally, in Jersey it is a requirement that beneficial ownership information is obtained on all companies administered in Jersey wherever they are incorporated in the world. This information is available for exchange between governments in appropriate circumstances but is not made public.

## Effective system

From Jersey's experience it is considered that to ensure the international requirement of adequate, accurate and timely information on beneficial ownership is met most effectively, the process should include the following:

An active company registry staffed by experts that not only calls for information on beneficial ownership on incorporation but also runs that information through independent checks and which has the power to refuse incorporation when the intended commercial activities/beneficial owners are considered 'sensitive'.

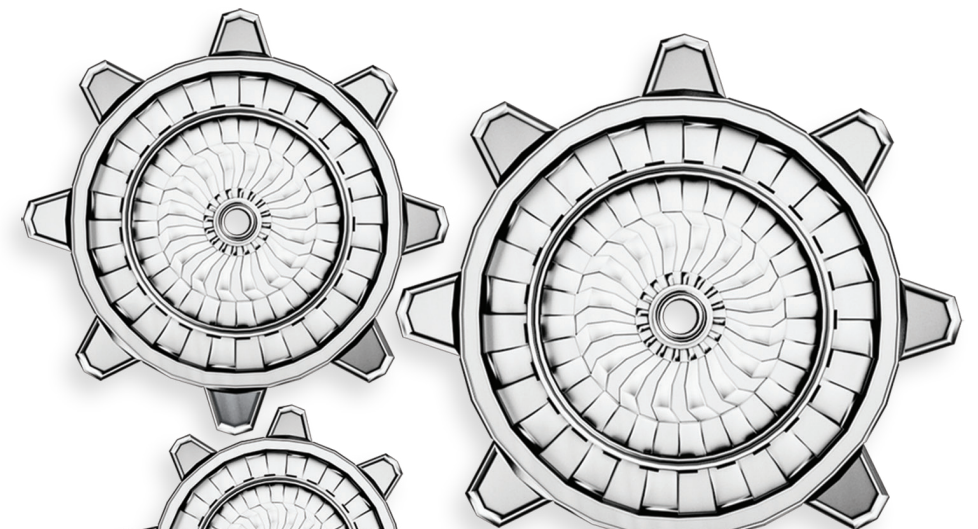
A broad but clearly defined definition of beneficial ownership;

The licensing and active supervision of TCSPs with requirements to ensure that information on the beneficial ownership of the companies they administer – whether incorporated in Jersey or elsewhere – is adequate, accurate and current;

Strict limitations placed on who may apply to incorporate a company;

Legislation to ensure that, in accordance with the international obligations entered into, the information that is available can readily be provided to tax authorities and law enforcement authorities when sought;

A power to strike off a company where it is no longer provided with any company administrative, trustee or fiduciary service by a TCSP.



# The Jersey Model

In Jersey TCSPs are regulated by the JFSC.

Jersey companies are only able to be incorporated either by Jersey resident individuals or a Trust and Company Service Provider (TCSP).

Costs of the verification process are also largely incurred by the private sector.

Experts (TCSPs) are required to be involved in the company incorporation process, so that any difficult judgement calls (including on beneficial owners) are resolved by experienced professionals.

Errors or deliberate misstatements can lead to fines and termination of licences. Therefore while data accuracy is not guaranteed, it is significantly enhanced.

On company incorporation Jersey's regulatory regime requires not only identification of beneficial owners, but also verification of such identity in line with FATF requirements.

**It is our view that, in order to ensure that the international requirement of adequate, accurate and current information on beneficial ownership in accordance with FATF standards is met, the following framework is required;**

- An active company registry staffed by experts that not only calls for information on beneficial ownership on incorporation but also runs that information through independent checks and has the power to refuse incorporation when the activities/beneficial owners are considered particularly 'sensitive' (for example if they are deemed to pose a particular reputational risk to the Island).
- The licensing and active supervision of TCSPs with requirements to ensure that information on the beneficial ownership of the companies they administer is adequate, accurate and current.
- Strict limitations placed on who may apply to incorporate a company.
- Legislation to ensure that, in accordance with the international obligations entered into, the information that is available can be readily provided to tax authorities and law enforcement authorities.

## Contact Jersey Finance



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