

JERSEY ACTION PLAN TO PREVENT THE MISUSE OF LEGAL PERSONS AND LEGAL ARRANGEMENTS

Jersey is fully committed to implementing the revised Financial Action Task Force (FATF) standards in order to improve the transparency of the ownership and control of legal persons and legal arrangements. This is a matter of good corporate governance as a means to tackle a wide range of illicit activity.

Jersey's record in this respect is already very strong. In particular:

- It requires beneficial ownership to be disclosed to the Jersey Financial Services Commission (the "Commission") at the time of incorporation of a company, and the Commission holds this information in a central register;
- The Commission has a long-standing statutory duty to have regard to the need to protect the integrity of Jersey in commercial and financial matters before agreeing to a request to incorporate a company;
- Trustees are bound to hold information on the settlors and beneficiaries of trusts under the provisions of Common Law (supported by Case Law), Trusts Law and anti-money laundering requirements;
- The Commission actively supervises compliance by trust and company service providers with a requirement that they must collect and hold information on beneficial ownership for all legal persons and arrangements;
- 39 TIEAs or DTAs to the current international standard have been signed and in the past three years over 140 requests for information have been received, of which a significant number have sought information on the beneficial ownership of companies and the beneficiaries of trusts, which have been able to be responded to fully and to the satisfaction of the requesting jurisdiction:
- In February 2010 the Jersey authorities hosted a conference, attended by representatives from 26 developing countries, the theme of which was how Jersey could assist such jurisdictions in the pursuit of those engaged in financial crime, including fiscal crime. One of the outcomes of the conference was a need to provide developing countries with assistance in improving the capacity of their tax administrations in combating tax evasion/avoidance. The Jersey authorities have approached the African Tax Administration Forum (ATAF), the OECD, the EU and individual jurisdictions (Norway and the UK) with offers of assistance either independently or jointly.

Inter alia, this very strong record is recognised by:

- The IMF in its assessment of compliance with the then FATF Recommendations, published in 2009, which found that Jersey was fully compliant with recommendation 33 (legal persons) and largely compliant with recommendation 34 (legal arrangements); and

- The World Bank in the StAR project report “the Puppet Masters” which uses the Jersey “model” to describe conditions under which the company registry can be considered a viable option for providing beneficial ownership information (see attached).

Jersey has access to all the information on beneficial ownership that is required to meet the present international standards and to respond effectively to requests for information from tax authorities or law enforcement agencies as required by statute.

Jersey’s current requirements for company incorporation and the on-going administration of companies by regulated trust and company service providers could not be met if companies did not know their ownership. Therefore any international obligation placed on companies to know their ownership can be expected to be readily met.

Should international agreement be reached that steps should be taken to allow tax authorities and law enforcement agencies to have access to beneficial ownership information held on a central registry, Jersey will comply with any new international standard in this respect that has global application covering G8, G20, OECD, and EU member jurisdictions plus other major financial centres. Because of the quality of the beneficial ownership information already held in the Island such compliance will present far less of a challenge for Jersey than for most if not all other jurisdictions.

Reflecting its commitment to all the relevant international standards, and to reinforce further the existing strong record, Jersey is committed to taking the following further actions:

1. **Conduct, and share the findings of, a national assessment of money laundering and terrorist financing risks by 2015**, co-ordinating action by the public and private sector to assess risks, apply resources and mitigate those risks;
2. **Take steps to fill any gaps in satisfying the requirements of the revised FATF recommendations 24 (legal persons) and 25 (legal arrangements) ahead of a compliance assessment by MONEYVAL in 2015;**
3. **Undertake a general review of corporate transparency, having regard for the development of international standards and their global application, starting with the publication of a pre-consultation paper before the end of 2013;**
4. **Support the international organisations (G8, G20, OECD, EU) and individual jurisdictions in their reviews of corporate transparency, by sharing expertise/practices and offering technical assistance on how to implement the Jersey “model” on company incorporation and the supervision of trust and company service providers;**
5. **Support the promotion internationally of the Statement of Best Practice for Trust and Company Service Providers** issued by the Offshore Group of Banking Supervisors (now the Group of International Finance Centre Supervisors);

6. **Support improvements in international cooperation, including the timely and effective exchange of basic and beneficial ownership information, in compliance with international standards;**
7. **Continue to play an active role in the work of the European Business Registry.**

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