



Consultation:

Civil Financial Penalties – Natural Persons



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1. Introduction

- 1.1 This consultation seeks feedback on proposed changes to the maximum penalties that may be imposed on natural persons performing a regulated role (i.e. when acting either as a Key Person, Principal Person or within a Senior Management Function).
- 1.2 Civil Financial Penalties (CFP) can be imposed when a natural person holding a regulated role has contravened the [Money Laundering \(Jersey\) Order 2008](#) or any of the Codes of Practice issued by the Jersey Financial Services Commission (the Commission) under regulatory laws (such as the [Financial Services \(Jersey\) Law 1998](#), [Banking Business \(Jersey\) Law 1991](#), the [Proceeds of Crime \(Supervisory Bodies\) \(Jersey\) Law 2008](#) etc.)
- 1.3 In 2015 the [Financial Services Commission \(Financial Penalties\) \(Jersey\) Order 2015](#) (the FP Order) gave the Commission the power to issue CFPs. In 2018, through the [Financial Services Commission \(Amendment No. 7\) \(Jersey\) Law 2018](#), the penalties regime was extended to Principal Persons. Finally, in 2022, the [Financial Services Commission \(Financial Penalties\) \(Amendment No. 2\) \(Jersey\) Order 2022](#) extended the application of the regime to natural persons performing a regulated role other than as a Principal Person.
- 1.4 The maximum level of penalty that may be imposed on a natural person is dependent on the severity of the offence, and is split into bands:
- for band 1: £10,000;
 - for band 2: £200,000;
 - for band 2A: £300,000; and
 - for band 3: £400,000.
- 1.5 In considering adjustments to the CFP regime for natural persons, it is important to reflect on international standards and their practical implications. While Jersey is rated as compliant with the technical requirements of the FATF Recommendations (specifically Recommendation 35), effectiveness is assessed under the FATF Immediate Outcomes, particularly Immediate Outcome 3 (Supervision). In the most recent mutual evaluation, Jersey was rated “Moderately Effective” for Immediate Outcome 3, due in part to the low number of pecuniary penalties imposed relative to the number of serious breaches identified.
- 1.6 No comments were made in respect to the level of those penalties. This finding mirrors similar observations across the global network in the last round of evaluations, where insufficient use of available enforcement powers was a recurring theme. Any changes to the CFP regime should therefore aim to enhance its demonstrable application, ensuring CFP are used in a manner that is proportionate, fair, and sufficiently dissuasive to support robust supervision and compliance outcomes
- 1.7 In April 2025, the Minister for External Relations (with responsibility for Financial Services) announced the Financial Services [Competitiveness Programme](#), aimed at strengthening Jersey’s position as a leading international finance centre (IFC). In this broader context, the Government of Jersey is considering all elements of its regulatory regime, including the thresholds and limits set out in FP Order, for natural persons. As part of the Competitiveness initiative, a review on the thresholds applicable for registered persons has been recently completed.
- 1.8 This consultation is therefore relevant for firms supervised by the Commission both for Financial Crime prevention purposes only (such as Lawyers, Estate Agents, Accountants, Virtual Assets Service Providers, High Value Dealers etc.) as well fully regulated businesses subject to conduct and prudential supervision.
- 1.9 Should responses to this consultation be supportive of the approach, further amendments will be made to the FP Order.

2. The Issue

2.1 In 2025, the Commission published a [Response Paper](#) in relation to the 2024 *Compliance function: Key Persons Regime green paper*. The response paper indicated that:

“[The Commission] understands that the exposure of Key Persons to civil and criminal liabilities can be a disincentive to taking up such a role. There is also a level of apprehension on how we approach enforcement action regarding the level of scrutiny applied to Key Persons as well as the board of directors of the firm or entity under investigation. We commit to further engagement with industry to enhance understanding of the approach to Key Person liability during enforcement actions.”

2.2 Indeed, whilst no CFP has been issued against natural persons to date, it is recognised that the current framework for natural persons could have a disproportionately dissuasive effect in the appetite for compliance professionals and others, to take responsibilities subject to CFP.

2.3 Such dissuasive effect may be further exacerbated by the fact that, under the relevant Codes of Practice, a regulated business cannot arrange for insurance to cover penalties payable by employees. For example, the Trust Company Business Code of Practice establishes that:

“5.2.3 A registered person must not enter into, arrange, claim on or make a payment under a contract of insurance that is intended to have, or has or would have, the effect of indemnifying any person against all or part of a financial penalty imposed by the JFSC.”

2.4 The effect of this provision, which mirrors the UK approach, is that an individual facing a band 2A or band 3 penalty could experience significant financial hardship, including the risk of needing to liquidate major personal assets. This outcome, even if only potential, contributes to the deterrent effect on individuals considering Key Person roles, in particular. This is counterintuitive in that the CFP regime is intended to dissuade malpractice in a role and not taking on the role in the first place.

2.5 This is also compounded by any potential, separate criminal investigation and/or public statement that may be issued against that person – in practice this means that, in addition to the payment of the penalty, their opportunities to work in the finance industry would be severely affected due to reputational damage.

2.6 Indeed, more recent feedback received in 2026 in relation to the [Consultation](#) on the thresholds applicable for penalties issued against registered persons, evidenced that there remains considerable reluctance among individuals considering such regulated roles.

2.7 This therefore may be detrimental to individuals choosing regulated career paths, affecting the levels of skills and resources available to effectively prevent and fight financial crime.

3. International Landscape

3.1 Comparing our current regime (i.e. based on maximum nominal thresholds) with other IFCs is not straightforward as each jurisdiction has a distinct approach to imposing penalties on natural persons. However, from a simple comparison with Guernsey, which has a similar regime, it appears our penalties are more severe for band 2 and 2A.

| Jurisdiction | Severity | Cap |
|-----------------|----------|---------------|
| Jersey | Band 1 | £10,000 |
| | Band 2 | £200,000 |
| | Band 2A | £300,000 |
| | Band 3 | £400,000 |
| Guernsey | Band 1 | Up to £25,000 |
| | Band 2 | £100,000 |
| | Band 3 | £250,000 |
| | Band 4 | £400,000 |

3.2 As mentioned above, there is a critical distinctive factor within Jersey’s regime in that the use of insurance is not permitted. Our research shows that there are only three other jurisdictions that explicitly do not permit such arrangements: the UK, Luxembourg and Singapore. Other jurisdictions seem to remain silent or to explicitly allow it, such as Ireland.

3.3 We recognise however, that even if permitted, it may be challenging to find commercially viable insurance solutions for such risks.

4. Proposals

4.1 We believe it is necessary to review the existing thresholds to mitigate the current excessive dissuasive effect, therefore achieving a greater balance between fairness, effectiveness, dissuasion and proportionality.

Option A

4.2 A simple way to achieve this is to revise the existing thresholds, as follows:

| Band | Maximum level of penalty that may be imposed on a Principal Person, Key Person or person who performs or performed a Senior Management Function | |
|------|---|----------|
| | Current | Proposed |
| 1 | £10,000 | £5,000 |
| 2 | £200,000 | £100,000 |
| 2A | £300,000 | £150,000 |
| 3 | £400,000 | £250,000 |

4.3 To date no penalties have been issued above the proposed caps (as no penalties have been issued at all against natural persons).

Option B

4.4 A more proportional approach would be to establish penalty thresholds linked to the individual's total annual income¹, while retaining an overriding cap (as in Option A above).

4.5 Such model will follow the approach adopted with penalties for registered persons (i.e. a % with a nominal cap that overrides the maximum %) and may also offer the opportunity to differentiate between penalties applicable to Principal Persons versus Key Persons and persons performing a Senior Management Function, as follows:

| Band | Maximum level of penalty that may be imposed on a Key Person or person who performs or performed a Senior Management Function | Maximum level of penalty that may be imposed on a Principal Person | Overriding Cap |
|------|---|--|----------------|
| 1 | 5% of the total annual income | 10% of the total annual income | £5,000 |
| 2 | 20% of the total annual income | 25% of the total annual income | £100,000 |
| 2A | 45% of the total annual income | 60% of the total annual income | £150,000 |
| 3 | 75% of the total annual income | 100% of the total annual income | £250,000 |

¹ Total annual income is proposed to include the combined taxable annual income derived from contractual compensation (i.e. salary, consultancy fees, taxable benefits in kind, or other contractual incentives) and non-contractual (i.e. discretionary bonuses). Employer shares schemes and pensions contributions are excluded to the extent these are also excluded from income tax. Calculations would be based on the latest tax assessment available.

5. Conclusion

5.1 The Government of Jersey considers it to be an appropriate point in time to review the regime, in accordance with the Minister's Powers under the [Financial Services Commission \(Jersey\) Law 1998](#).

5.2 In summary, the proposals will reduce caps to:

Under Option A

- a maximum cap of £5,000 for band 1 contraventions;
- a maximum cap of £100,000 for band 2 contraventions;
- a maximum cap of £150,000 for band 2A contraventions; and
- a maximum cap of £250,000 for band 3 contraventions.

Under Option B

- a maximum of 5% or 10% of the total annual income for band 1 contraventions with an overall overriding cap of £5,000;
- a maximum 20% or 25% of the total annual income for band 2 contraventions with an overall overriding cap of £100,000;
- a maximum 45% or 60% of the total annual income for band 2A contraventions with an overall overriding cap of £150,000; and
- a maximum 75% or 100% of the total annual income for band 3 contraventions with an overall overriding cap of £250,000.

5.3 The proposals seek to achieve fairness and alignment with other IFCs, while continuing to demonstrate compliance with FATF.

6. Consultation questions and how to respond

- 6.1 Which do you believe to be preferable: Option A (a cap), or Option B (a threshold linked to the individual's income, and an overriding cap), or is there an alternative that you consider more suitable? Please provide details.
- 6.2 Please give your views, with reasoning, for the overriding maximum cap of £5,000 for band 1 and, if Option B is adopted, for a maximum of 5% (for Key Persons and Senior Management Function) and 10% (for Principal Persons) of the total annual income.
- 6.3 Please give your views, with reasoning, for the overriding maximum cap of £100,000 for band 2 and, if Option B is adopted, for a maximum of 20% (for Key Persons and Senior Management Function) and 25% (for Principal Persons) of the total annual income.
- 6.4 Please give your views, with reasoning, for the overriding maximum cap of £150,000 for band 2A and, if Option B is adopted, for a maximum of 45% (for Key Persons and Senior Management Function) and 60% (for Principal Persons) of the total annual income.
- 6.5 Please give your views, with reasoning, for the overriding maximum cap of £250,000 for band 3 and, if Option B is adopted, for a maximum of 75% (for Key Persons and Senior Management Function) and 100% (for Principal Persons) of the total annual income.
- 6.6. Do you agree/disagree with the scope of "total annual income" to include contractual/discretionary income but to exclude employer pension and share schemes contributions? Please provide any fairer alternative method of calculation.
- 6.7. Do you have any other comments you would like to share, for example as to whether we should keep the current caps but remove the existing provisions preventing a business from arranging insurance against these penalties?

How to submit comments

You can email your comments to growthfs@gov.je or by post to:
FAO Miguel Zaragoza, Department for the Economy
Government of Jersey
Union Street
St Helier
JE2 3DN

The deadline by which comments should be received is close of business on **Friday 10 April 2026**.