

Post MONEYVAL Ministerial Priorities and High-Level Action Plan

July 2024

Part A: Ministerial Priorities

Post the 2024 MONEYVAL Report of Jersey, the Government of Jersey, through the Minister for External Relations and Financial Services, has set several jurisdictional priorities relevant to financial services and financial crime prevention which are grouped here by the main financial crime agencies to which they relate.

Recognising the role of the Government to direct strategy and policy for Jersey, whilst also respecting the operational and prosecutorial independence of financial crime agencies, the following priorities have been communicated to the agencies.

Jersey has consistently developed a progressive regulatory environment as part of its financial services strategy maintaining its position as a leading International Financial Centre over many years. The Government therefore considers that now is the right time to review how the regulatory environment should evolve and has announced a strategic review into the approach to regulation of the financial and professional services sector in Jersey which will take place over 2024 and 2025.

Government is committed to continuing to work together at a strategic level, with the Financial Crime Agencies. In this regard, delivery of actions will be managed by Government in accordance with relevant legislation and progress reviewed through the vehicle of the Financial Crime Agencies Review Group (FCARG) along with oversight from the Financial Crime Political Steering Group.

JFSC

In respect of the JFSC – priority actions centre around a review of its supervisory activity and strengthening its approach.

- Given that the strategic review will focus on the approach to the regulation of financial and professional services in Jersey, the JFSC will need to play an active role in the review. The review will support a holistic approach to addressing the MONEYVAL findings.
- The drivers for the review are fourfold:
 - i. Creating the best regulatory environment possible for sustainable growth of financial services and ensuring Jersey remains competitive in an international marketplace. The review will allow examination of the structure and accountability of the JFSC and broader issues concerning how the regulatory environment supports the strategy for development of financial services in Jersey, recognising that the legislative framework has built up over many years and may be outdated and overly complex in parts.

- ii. There are different views across stakeholders on the appropriateness of the current regulatory regime and the operation of regulation in Jersey which has led to representations being made to Government along with coverage in the local media. The review provides a timely opportunity to hold a conversation with the industry and all relevant stakeholders with a view to looking to understand these concerns and, where appropriate, work to address any justified issues.
 - iii. The MONEYVAL Report includes important actions relevant to the areas of supervision and preventative measures which need to be prioritised for action by Jersey. The approach to supervision by the JFSC and enforcement actions (particularly where serious breaches are identified) are notable findings. The Review allows these to be addressed holistically.
 - iv. Global models of regulation have evolved significantly since the creation of the JFSC, and countries worldwide are introducing new models of regulation whilst considering concerns around resources, the use of technology, avoiding duplication and ease of doing business.
- The review will be conducted by an external party/external parties but will be managed by Government. Appointment of external parties will be conducted in accordance with the Government's normal processes for commercial contracts.
 - The scope of the review will be confirmed over the remainder of 2024, in consultation with several stakeholders (including the JFSC). The terms of reference will specify that the Review should report back to Government in 2025.

FIU Jersey

In respect of the FIU - priority actions centre around policies, procedures, legislation and funding for the FIU to complete its transformation project ("Project Liberty").

- The Key area of focus will be upon the delivery of Project Liberty which is contingent on policies, procedures, legislation and funding being in place in order to allow the FIU to deliver on actions from the report. Whilst the current financial position for Government remains very challenging, the Minister commits to continuing to advocate for appropriate resource investment in FIU Jersey.

The Economic Crime and Confiscation Unit (ECCU)

In respect of ECCU - priority actions centre around the delivery of a programme of reforms to ECCU. This will give effect to a series of recommendations for reform which have already been agreed by the Attorney General and the Government.

- The programme of reform will include the provision of new investigative powers and the establishing of an independent review process.
- Additional work will also be undertaken to review and update legislative powers (including improvements to POCL, Civil Recovery) as well as to continue the good work already undertaken in respect of international cooperation and asset sharing/ return.

The Joint Financial Crime Unit of the States of Jersey Police (JFCU)

In respect of the JFCU, priorities will centre around ongoing review of policies, procedures, legislation and resources over time to ensure that they remain fit for purpose particularly considering the role of the JFCU in preventing against domestic financial crime with an impact on islanders.

- The Government is committed to ensuring that policies, procedures & legislation are in place in order to allow agencies to deliver on the actions. Resourcing needs will also be reviewed and considered as necessary, noting that the general financial environment for the public sector is currently challenging.

Part B: Detailed Actions (Focussing on Priority Actions or critical recommendations)

This document contains the initial response of the Jersey authorities to the conclusions of the 2024 MONEYVAL Report on Jersey. It is designed to present a “High Level” response to priority or important conclusions of the report. It does not cover all actions, which will be the subject of consideration in due course and contains several actions that may be further developed over the course of time.

IMMEDIATE OUTCOME 1 – Risk, Policy, Co-ordination, and Co-Operation

MONEYVAL 2024 Report Findings	High Level Action by Jersey	Responsible Authorities	Timeline
i) Analyse, in more detail, threats emanating from global offences (linked to organised crime activities in jurisdictions other than the UK/Ireland) with a particular focus on FIs/DNFBPs.	The Government of Jersey has put in place a long-term risk assessment programme covering all relevant aspects of ML/TF/PF risk. The authorities do not accept that the current risk assessment programme fails to currently identify OCG risk appropriately. However, the risk programme will look to amalgamate further threat metrics to identify any additional threat in this area through specific country analysis where OCGs are notably active – this will include typologies and strategic analysis.	Government FIU	2025-Ongoing

IMMEDIATE OUTCOME 2 – International Cooperation

Report Findings	Action by Jersey	Responsible Authority	Timeline
i) Implement planned increase in resources for MLA team.	Monitor and review resources for the MLA team to ensure they are sufficient for the volume and complexity of requests.	LOD Government (FCARG)	Q3 2024 to ongoing

IMMEDIATE OUTCOME 3 and 4 – Supervision and Preventative Measures

[All actions across these IOs may be impacted by the progress of the Strategic Review of the regulatory environment outlined in the Ministerial priorities]

Report Findings	Action by Jersey	Responsible Authority	Timeline
i) The JFSC should ensure that periodic reviews of high-risk customers (particularly legacy customers) always include the obtaining of documentary/ corroborating evidence to ascertain SOF/SOW (where evidence is lacking) and updating beneficial ownership information (except where TCSPs are providing management services).	The JFSC will undertake a review and, as appropriate, update guidance. The JFSC will also undertake a review of its supervisory practices to ensure compliance with the obligations is appropriately tested, working in collaboration with industry and consider the need for further outreach.	JFSC	Work to commence in 2025
ii) The JFSC should ensure that REs assess the risks appropriately and apply the exemptions available for customers/investors of TCSPs and unregulated or non-public funds only where risks are low.	The JFSC will undertake a review of guidance and update as appropriate. The JFSC will also undertake a review of its supervisory practices to ensure compliance with the obligations is appropriately tested, working in collaboration with industry and consider the need for further outreach.	JFSC	Work to commence in 2025
iii) Jersey should further enhance criminal background checks for new applicants and the existing licensees whenever there is a change of control, shareholding or key function to better prevent criminals	The JFSC will release a consultation paper proposing enhancements to criminal background checks for Principal and Key Person applicants.	JFSC	Consultation paper to be launched in 2024.

or their associates from operating in the regulated market.	The JFSC will then consider further steps, following feedback received on the consultation paper.		
iv) The application of the sanctioning regime should be revised (in particular the guidance criteria to determine the severity of the sanction) so as to ensure that, in cases of serious breaches, the imposition of a wider range of severe and proportionate penalties, including pecuniary sanctions is prioritised.	The JFSC will undertake a review of existing guidance pertaining to sanctions and consider where this can be refined further.	JFSC	Initial review to be undertaken by end of 2024.

IMMEDIATE OUTCOME 5 – Legal Persons and Arrangements

MONEYVAL 2024 Report Findings	High Level Action by Jersey	Responsible Authorities	Timeline
i) Jersey should further consider potential ML schemes in risk assessment exercises including particularly complex corporate structures and vulnerabilities of LPAs relating to TF	This will be incorporated into future ML/TF and LPA risk assessment exercises on an ongoing basis.	Government FIU Registry	2025- Ongoing
ii) Extend access to the Central Registry to Obligated Entities with discrepancy reporting	Draft Legislation is already in preparation for this action and has been subject to consultation. To be implemented in 2024. Discrepancy reporting process to follow.	Government Registry	2024 2025 onwards for discrepancy reporting
iii) The JFSC and the Registry supervision function should continue to review and refine the scope of their supervisory activities in relation to legal persons and arrangements with a view to detecting more serious breaches, such as cases of BO concealment.	The JFSC and Registry supervision will undertake a review of current supervisory practices and consider how enhancements can be made. Any changes will be duly communicated along with an outreach programme.	JFSC	Review to commence by the end of 2024.

IMMEDIATE OUTCOME 6 – Financial Intelligence

Report Findings	Action by Jersey	Responsible Authority	Timeline
i) Authorities should increase the use of FIU analytical reports and other intelligence to initiate ML and predicate offences investigations, in parallel with continued implementation of the FIU’s transformation programme and capacity-building plans.	LEAs (ECCU, JFCU, JCIS) and FIU to review intelligence dissemination processes to ensure they are “fit for purpose”.	FIU ECCU JFCU JCIS	Q3/4, 2024 – Review procedures, agree any changes identified. 2025 and Ongoing – Monitor implementation.
ii) Jersey should ensure that the quality of FIU intelligence and the turn-around times for the FIU to disseminate intelligence continues to improve. This should include, among others, an increased propensity to seek and analyse information in SARs and from domestic and international sources, including FIUs, develop intelligence, and add value in its products.	FIU to review SAR intake and analysis procedures	FIU FIU Governance Board	Q3/4 2024 – Review & procedures 2025 and Ongoing review and monitor implementation
iii) The FIU should continue with its efforts to produce strategic analysis products, ensuring these are risk-based and relevant to authorities and industry in Jersey.	FIU to establish and embed a Strategic Analysis Team with appropriately trained staff.	FIU Government (FCS Team) FIU Governance Board	Q3/4 2024 – Review & procedures 2025 and Ongoing review and monitor implementation

IMMEDIATE OUTCOME 7 – ML Investigation & Prosecution

Report Findings	Action by Jersey	Responsible Authority	Timeline
i) Competent authorities should continue to prioritise investigations related to the large-scale ML cases involving funds deriving from high-risk predicates committed abroad (tax crimes, corruption, fraud, etc.), including cases with complex legal structures, in order to secure more prosecutions in such cases.	Monitor & review data relating to ongoing ML cases at a strategic level. Report alignment with risk; initiation/source; outcomes.	LEAs Government (FCARG)	Q3 2024 to Ongoing
ii) Continuous efforts in ensuring necessary well-trained human resources of investigators/forensic accountants and LEAs are needed, as well as ensuring that all sources of information available are harvested to identify, investigate and prosecute ML more in line with country risks.	Develop and deliver training programme for investigators.	LEAs FIU LOD Government (FCS Team)	Q3 2024 to Ongoing

IMMEDIATE OUTCOME 8 - Confiscation

Report Findings	Action by Jersey	Responsible Authority	Timeline
i) Jersey should enhance its efforts to increase the seizure and confiscation for ML offences only, and from tax offences committed abroad.	Monitor & review data relating to criminal asset recovery cases (including offences) at a strategic level.	LEAs FIU Government (FCARG)	Q3 2024 to Ongoing

ii) Relevant authorities should receive continuous training to maintain routinely ordering the confiscation of assets previously seized during the course of a criminal investigation.	Develop and deliver training programme for investigators.	LEAs LOD Government (FCARG)	Q3 2024 to Ongoing
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IMMEDIATE OUTCOME 9 – Terrorist Financing investigation and prosecution

Report Findings	Action by Jersey	Responsible Authority	Timeline
i) Analyse in more depth the appropriateness of SAR/STR reporting by FIs, DNFBPs and VASPs on TF suspicion	Analyse SARs received from FIs, DNFBPs and VASPs on TF suspicion.	FIU	2025
ii) Issue relevant guidance or provide training to increase the awareness	Issue guidance and provide training to increase awareness of TF SAR reporting.	FIU	2025 and ongoing
iii) Further increase the capabilities and capacities of competent agencies to identify, prevent and combat the more recent trends and methods of TF, in particular the FIU.	Ensure that all relevant personnel at the various agencies receive sufficient training in respect of recent trends and methods of TF.	Government FIU SoJP LOD	Ongoing

IMMEDIATE OUTCOME 10 – Terrorist Financing preventive measures and financial sanctions

Report Findings	Action by Jersey	Responsible Authority	Timeline
i) Fully implement risk-based supervisory oversight measures for the non-profit sector.	Risk-based supervision for NPOs was implemented January 2023 and remains in place. This will continue to be embedded. The JFSC will also undertake a review of the	JFSC	2025

	overall supervision of NPOs to ensure supervision of the sector remains risk-based and effective.		
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IMMEDIATE OUTCOME 11 – Proliferation Financing financial sanctions

Report Findings	Action by Jersey	Responsible Authority	Timeline
i) Strengthen TFS supervisory approach. This should include applying higher scrutiny to TFS supervision especially on-site examination checks and increasing the capability of the obliged entities to identify close associations and indirect links to sanctioned persons to better prevent sanctions evasion risks.	<p>The JFSC will undertake a review of existing guidance and consider how enhancements can be made.</p> <p>The JFSC will undertake a review of TFS supervisory practices and examination processes and consider where enhancements can be made, working with the industry as it works through these actions.</p>	JFSC	2025