



2018: Supervisory Thematic Programme – Q4

In November 2017, we published an industry update '2018: Supervisory Thematic Programme – Q1 and Q2'¹ which detailed how the use of thematic examinations will play an important role in our overall approach to supervision and specified what themes would be the focus in the first half of 2018.

In order to allow the JFSC's Supervision Division to focus on the entity specific examinations, no dedicated theme was chosen in Q3.

Looking forward, the following themes for examination have been identified and will commence in Q4, 2018:

Outsourcing Arrangements (OA)

- › In response to the industry's request, on 1 March 2017, the JFSC issued new 'Outsourcing Policy and Guidance Notes'² (OPGN), which came into effect on 1 June 2017 for all new OA. Registered persons with existing OAs were also required to adhere to this OPGN 15 months from the date of its publication, that deadline being 1 June 2018.
- › Some key changes introduced within the new OPGN included, *inter alia*, amendments to scope of the Policy, removal of the distinction between 'delegation' and 'outsourcing' and introduction of a definition of 'material'.
- › In light of the above-mentioned changes, the Supervision Examination Unit (SEU) will examine whether registered persons who have OAs, have taken adequate measures to counter any material risks relating to those arrangements and have appropriate systems and controls to exercise oversight over the outsourced activities.
- › In addition, the SEU will review and assess the extent to which registered persons understood the new requirements and adopted the applicable deadlines when it comes to outsourced activities.

Property Managers and Letting /Estate Agents

- › AML risks are constantly evolving and may not always fit neatly into existing definitions of regulated activity. Where such uncertainties exist, the JFSC operates an open and transparent policy with industry in order to gain a greater understanding of the extent of the risks. In alignment with the JFSC's obligation to policing the perimeter, the Reactive Supervision Team (**Reactive Team**) will be visiting a number of businesses over the next 12 months to explore to what extent an identified AML risk may or may not exist.
- › The Reactive Team will be undertaking a themed examination in Q4 of Property Managers and Letting/Estate Agents to examine whether, in providing property related services, any of those services fall within the scope of activities that require registration under the Proceeds of Crime (Jersey) Law 1999.

The above themed examination programme for 2018 - Q4 is not intended to be exhaustive and as necessary may be supplemented by additional themed examinations identified by the JFSC as required to address any new issues emerging.

The '2019: Supervisory Thematic Programme for H1' will be announced in due course.

Notes

<https://www.jerseyfsc.org/media/1611/industry-update-seu-themes-2018-30-november-2017.pdf>

<https://www.jerseyfsc.org/media/1430/outsourcing-policy-march-2017.pdf>